

**TOWN OF WINCHESTER
CONNECTICUT**

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2014

Prepared By
Finance Department
Winchester
Winchester, Connecticut 06098

TOWN OF WINCHESTER, CONNECTICUT

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Introductory Section

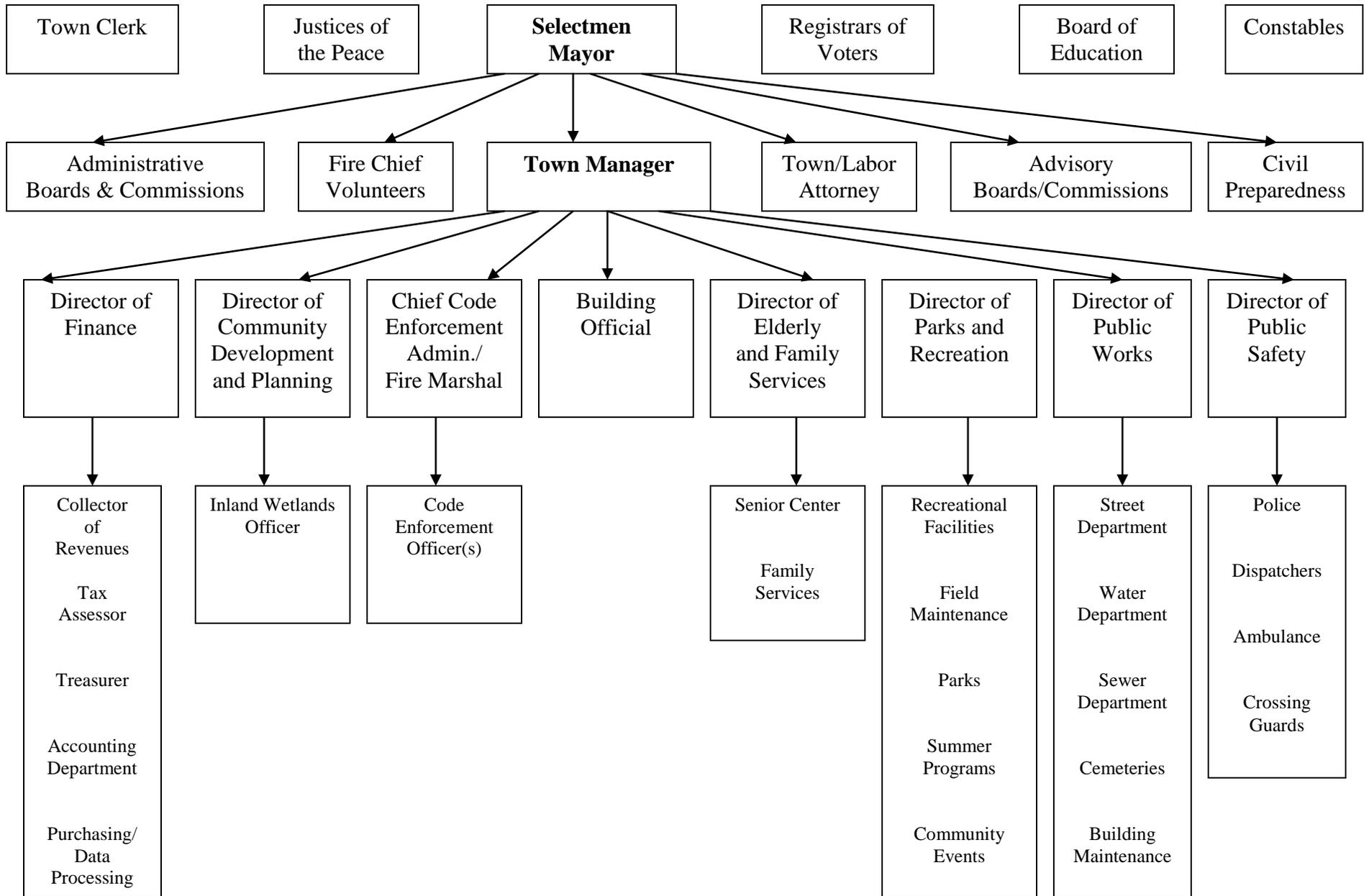
TOWN OF WINCHESTER, CONNECTICUT

List of Elected and Appointed Officials

As of June 30, 2014

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>
Mayor:	Marsha Sterling	Appointed
Board of Selectman:	Glenn S. Albanesius	Appointed
	George Closson	Elected
	Jorge Pimental	Elected
	Daniel Langer	Elected
	Althea Candy Perez	Elected
	Candace Bouchard	Elected
Board of Assessment Appeals:	Mark Arcelaschi, Chairman	Appointed
	Jackie Mulvey	Appointed
	Walter St. Onge, Jr.	Appointed
	Samuel Demonstranti	Appointed
	Joyce Miles	Appointed
Interim Director of Public Works:	Joe Lemelin	Appointed
Town Manager:	Dale L. Martin	Appointed
Interim Finance Director:	Cynthia Rines	Appointed
Treasurer:	Vacant	Appointed
Tax Collector:	Arlene M . Boutin	Appointed
Town Clerk:	Sheila S. Sedlack	Elected
Purchasing Agent:	Mark A. Douglass	Appointed
Town Assessor:	Rhonda Roy	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

April 23, 2015

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, 2014.

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, 2014, 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, 2014, 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 thirty 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 thirty-four square miles. What is commonly referred to as the City of Winsted is located within the Town of Winchester, but that "entity" has no separate government or other political distinction (the terms "Winchester" and "Winsted" are used interchangeably by area residents). Winchester was first settled and incorporated as a Town in 1732. The Town sits at the crossroads of U.S. Route 44 and State Route 8. State Routes 20 and 183 also traverse the Town. The Town has approximately eighty miles of Town roads, of which approximately seventy-two miles are paved State-controlled and maintained roads account for approximately twenty-three miles of the eighty total miles of 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 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 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. Water and wastewater treatment and distribution are under the control of an independent Water and Sewer Commission (appointed by the Board of Selectmen).

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 State of Connecticut Office of Policy Management indicates that Winchester's 2012 median household income is \$60,994, as compared to the State of Connecticut's \$69,519. The Town's population has been relatively stable since 2000 (and minimal 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. Shortly thereafter, the rating was withdrawn due to the same factors. New personnel and substantially revised and implemented policies and procedures have significantly improved the Town's financial organization. Budgetary controls and a supplemental tax levied in November, 2013, have greatly improved the Town's fiscal condition. The Town will likely seek a new bond rating within three years.

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, 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 (CEDS) 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 Outreach

In conjunction with the CEDS project, the Town is also a member of the Northwest Hills Council of Governments (NHCOG), a regional planning organization. A popular and effective program among the twenty-one 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 federal Brownfield Revolving Loan Fund has funded two projects in downtown Winsted. These two projects are now 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. Although the federal program has ceased, the Town has retained approximately \$150,000 for continued use to support brownfield remediation loans and grants.

In addition to the federal brownfield remediation funds, the Town was awarded \$600,000 in State of Connecticut grants for brownfield assessment and remediation of a long-vacant and deteriorating town-controlled site: \$100,000 was funded by the Department of Community and Economic Development’s Municipal Brownfield Assessment and Inventory (MBAI) program, and the remaining \$500,000 was received from the Office of Policy and Management’s Small Town Economic Assistance Program (STEAP).

Budgetary Controls

Under the direction of the Finance Director, the Town has reviewed and revised its budgetary controls, and implemented other changes, policies, and procedures recommended by the independent auditor and other State and Federal regulatory agencies. 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 a former Finance Director and the tardiness of recent financial statements, the Town had not sought 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 the past two years. The award recognizes that the Town published an easily readable and efficiently organized Comprehensive Annual Financial report. With the remarkable changes over the past two years, the Town will re-consider the opportunity to apply for the award with the next report.

The preparation of this report would have not been accomplished without the services of the members of the Department of Finance (Finance Director Ms. Brenda Fox-Howard and Treasurer Ms. Cynthia Rines) and other Town staff. I would also like to thank the Board of Selectmen for its continued interest, efforts, and support in planning and conducting the financial operations of the Town in a responsible and professional 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, sweeping initial "D".

Dale L. Martin
Town Manager

Financial Section

Member of
American Institute of
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, 2014, 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. 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 Cafeteria Fund

Discrepancies have been identified in the revenues and deposits affecting the Cafeteria Fund. 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 has not been determined for the fiscal year ended June 30, 2014.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on the Cafeteria Fund” 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, 2014, and the changes in financial position thereof for the year then ended in accordance 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 57 through 61 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

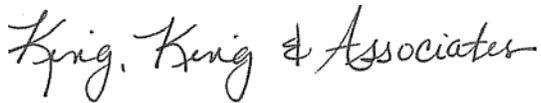
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winchester, Connecticut’s basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented 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 April 23, 2015, 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
April 23, 2015

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2014

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, 2014.

Financial Highlights

- The assets of the Town of Winchester exceeded its liabilities at the close of the most recent fiscal year by \$67,184,339 (*net position*). Governmental activities reflect a negative unrestricted net position in the amount of (\$5,878,735) indicating that currently none of the net position may be used to meet ongoing obligations to citizens and creditors. Business-type activities have an unrestricted net position of \$330,581.
- The government's total net position increased by \$5,372,531.
- As of the close of the current fiscal year, the Town of Winchester's governmental funds reported combined ending fund balances of \$6,099,303, an increase of \$4,106,909 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,526,109.

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, 2014

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 funds balance sheet and the governmental funds 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-three (33) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds 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 31-56 of this report.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2014

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 \$67,184,339 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 9,293,052	\$ 7,020,410	\$ 514,810	\$ (333,916)	\$ 9,807,862	\$ 6,686,494
Capital Assets	43,111,717	43,165,540	34,701,008	35,816,632	77,812,725	78,982,172
Total Assets	52,404,769	50,185,950	35,215,818	35,482,716	87,620,587	85,668,666
Deferred Outflows of Resources	-	-	110,578	-	110,578	-
Long-term Liabilities	15,650,245	16,377,062	3,183,149	3,767,254	18,833,394	20,144,316
Other Liabilities	1,580,281	3,463,965	125,547	190,218	1,705,828	3,654,183
Total Liabilities	17,230,526	19,841,027	3,308,696	3,957,472	20,539,222	23,798,499
Deferred Inflows of Resources	7,604	58,359	-	-	7,604	58,359
Net Position:						
Net Investment in Capital Assets	38,706,670	38,299,684	31,687,119	32,182,934	70,393,789	70,482,618
Restricted	2,338,704	2,857,512	-	-	2,338,704	2,857,512
Unrestricted	(5,878,735)	(10,870,632)	330,581	(657,690)	(5,548,154)	(11,528,322)
Total Net Position	\$ 35,166,639	\$ 30,286,564	\$ 32,017,700	\$ 31,525,244	\$ 67,184,339	\$ 61,811,808

\$38,706,670 of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

\$1,668,735 of the restricted portion of the Town of Winchester's net position represents net position restricted for Community Investments, \$109,370 is restricted for Soldiers Monument Restoration, \$62,106 is restricted for Grants & Donations, and \$53,153 is restricted for other purposes. The remaining restricted portion, \$445,340, represents net position restricted for purposes of trust. Negative unrestricted net position in the amount of (\$5,878,735) 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 increased by \$4,880,075 during this fiscal year.

Net position of business-type activities increased by \$492,456 during this fiscal year.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2014

	Governmental Activities		Business-Type Activities		Totals	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 23,977,690	\$ 20,720,481	\$ -	\$ -	\$ 23,977,690	\$ 20,720,481
Unrestricted Grants & Contributions	322,157	-	-	-	322,157	-
Unrestricted Investment Income	84	268	-	-	84	268
Other General Revenues, Net	139,163	105,287	-	-	139,163	105,287
Insurance Claim	1,100,000	-	-	-	1,100,000	-
<i>Program Revenues:</i>						
Charges for Services	943,020	492,900	3,599,186	3,134,338	4,542,206	3,627,238
Operating Grants and Contributions	13,081,110	11,966,809	-	-	13,081,110	11,966,809
Capital Grants and Contributions	650,810	483,407	1,317	-	652,127	483,407
Total Revenues	<u>40,214,034</u>	<u>33,769,152</u>	<u>3,600,503</u>	<u>3,134,338</u>	<u>43,814,537</u>	<u>36,903,490</u>
EXPENSES						
<i>Governmental Activities:</i>						
General Government	3,184,962	3,881,057	-	-	3,184,962	3,881,057
Public Safety	3,558,537	3,607,845	-	-	3,558,537	3,607,845
Public Works	3,067,995	2,226,107	-	-	3,067,995	2,226,107
Health	575,514	332,349	-	-	575,514	332,349
Library	176,474	176,474	-	-	176,474	176,474
Parks and Recreation	210,019	199,271	-	-	210,019	199,271
Waste Disposal and Recycling	222,812	204,965	-	-	222,812	204,965
Interest on Long-Term Debt	222,581	202,821	-	-	222,581	202,821
Education	24,007,954	23,083,862	-	-	24,007,954	23,083,862
<i>Business-Type Activities:</i>						
Waterworks	-	-	1,522,972	1,632,254	1,522,972	1,632,254
Sewer	-	-	1,695,555	1,698,684	1,695,555	1,698,684
Total Expenses	<u>35,226,848</u>	<u>33,914,751</u>	<u>3,218,527</u>	<u>3,330,938</u>	<u>38,445,375</u>	<u>37,245,689</u>
Change in Net Position Before Transfers, Loss on Assets, and Contributions to Permanent Funds	<u>4,987,186</u>	<u>(145,599)</u>	<u>381,976</u>	<u>(196,600)</u>	<u>5,369,162</u>	<u>(342,199)</u>
Transfers	(110,480)	(251,923)	110,480	251,923	-	-
Loss on Assets	-	(70,707)	-	(13,615)	-	(84,322)
Contributions to Permanent Funds	<u>3,369</u>	<u>3,096</u>	<u>-</u>	<u>-</u>	<u>3,369</u>	<u>3,096</u>
Change in Net Position	4,880,075	(465,133)	492,456	41,708	5,372,531	(423,425)
Beginning Net Position, as Restated	<u>30,286,564</u>	<u>30,751,697</u>	<u>31,525,244</u>	<u>31,483,536</u>	<u>61,811,808</u>	<u>62,235,233</u>
Ending Net Position	<u>\$ 35,166,639</u>	<u>\$ 30,286,564</u>	<u>\$ 32,017,700</u>	<u>\$ 31,525,244</u>	<u>\$ 67,184,339</u>	<u>\$ 61,811,808</u>

Governmental Activities

Governmental activities increased the Town of Winchester's net position by \$4,880,075. Sixty percent (60%) of the revenues of the Town were derived from property taxes, followed by thirty-five percent (35%) from grants and contributions, then two percent (2%) from charges for services, three percent (3%) for an insurance claim, and less than one percent (1%) from other general revenues and investment earnings

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2014

Major revenue factors include:

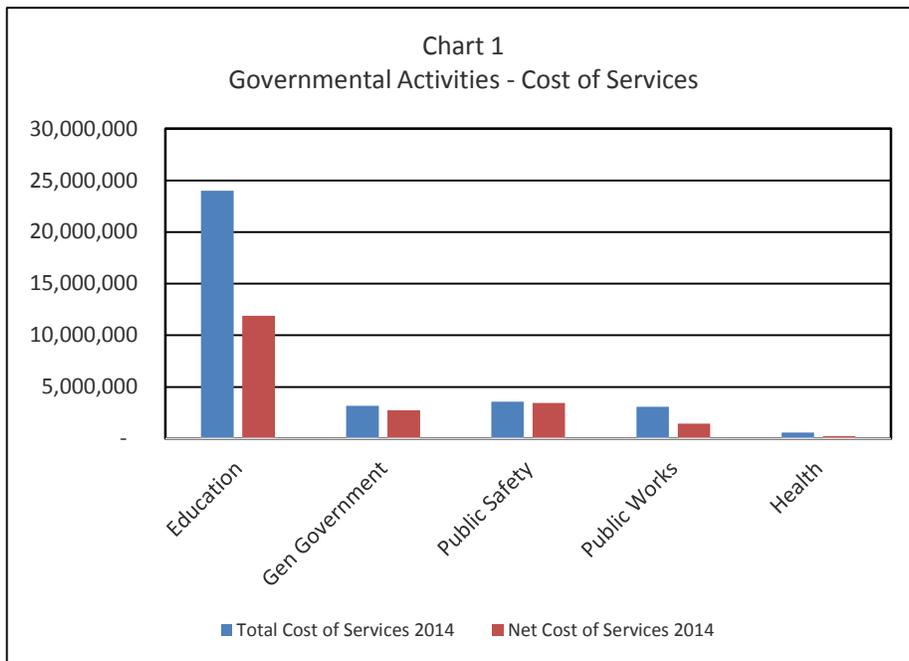
- Levying of supplemental tax to immediately stabilize long-term financial condition.
- Payment of insurance claims related to conviction of former Finance Director.

For Governmental Activities, 68% of the Town's expenses relate to education, 10% relate to public safety and health, 9% relate to public works/capital outlay, and the remaining 13% relates to government and community services, administration, and other areas.

Major expense factors include:

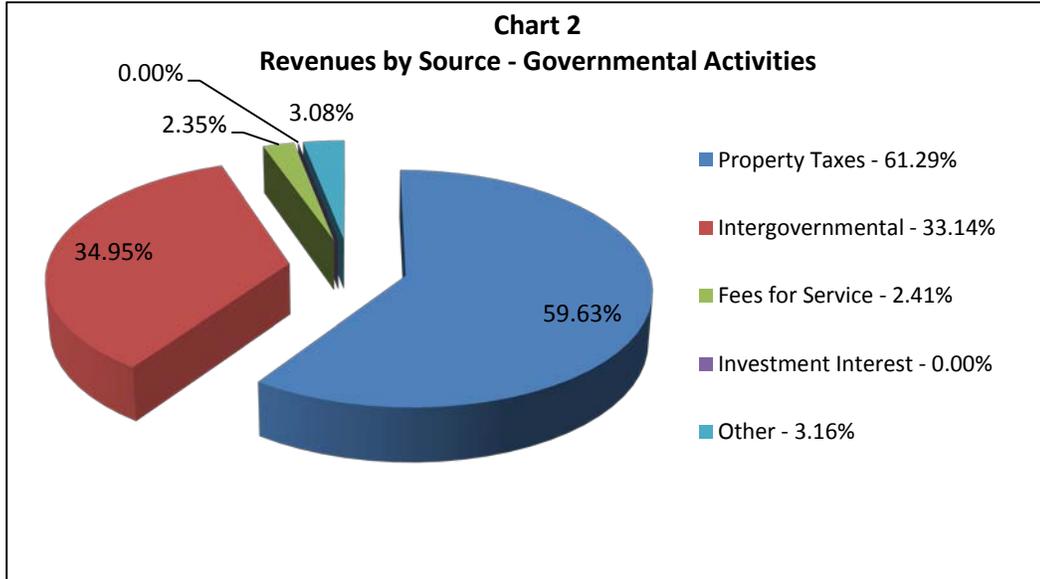
- Retention of contingency funds to restore Fund Balance.
- Underexpenditure by the Board of Education.
- Underexpenditure of Miscellaneous funds (primarily Unnegotiated Settlements).

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, 2014

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

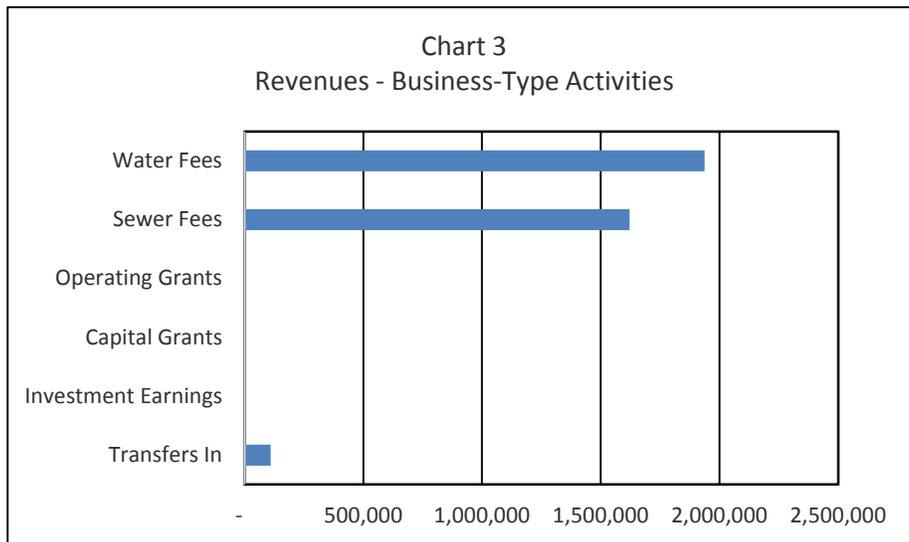


Business-Type activities

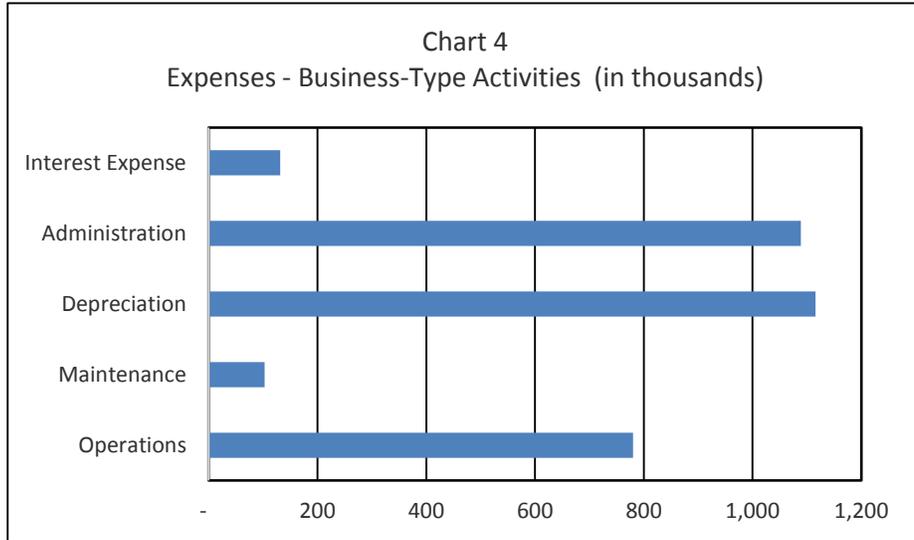
Business-type activities increased the Town of Winchester's net position by \$492,456. One hundred percent (100%) of the revenues of the business-type activities were derived from charges for services. Key elements of enterprise fund performance are as follows:

- Operating revenues increased by \$464,848 over the previous year's revenues.
- The change in net position was an increase of \$492,456 (compared to an increase of \$41,708 in the previous year).

Charts 3 and 4 reflect the water/sewer utility operations for fiscal year 2014 regarding sources of revenue and classes of expenses.



TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2014



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 \$6,099,303, an increase of \$4,106,909 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 \$3,526,109. 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. Unassigned fund balance represents 11% percent of total General Fund expenditures.

The fund balance of the Town of Winchester's General Fund increased by \$4,072,699 during the current fiscal year.

The Small Cities Fund recognized significant expenses to reflect program disbursements that are not expected to be returned to the Town.

General Fund Budgetary Highlights

- Revenues significantly enhanced by one-time supplemental tax (3.0 mills; approximately \$2 million).
- Dedicated substantial contribution to Fund Balance.

TOWN OF WINCHESTER, CONNECTICUT

Management's Discussion and Analysis

June 30, 2014

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, 2014, amounts to \$77,812,725 (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 Department)
- Protective equipment (Fire Department)
- Bridge design and matching construction funds.
- Main Street Enhancement Phase II

	<u>2014</u>	<u>2013</u>
<i>Governmental Activities:</i>		
Land	\$ 25,700,445	\$ 25,700,445
Construction in Progress	1,244,852	530,154
Buildings	688,357	707,853
Improvements	2,039,880	2,006,244
Machinery and Equipment	3,478,422	3,693,796
Infrastructure	9,959,761	10,527,048
	<u>\$ 43,111,717</u>	<u>\$ 43,165,540</u>

	<u>2014</u>	<u>2013</u>
<i>Business-type Activities:</i>		
Land	\$ 92,847	\$ 92,847
Buildings	20,034,907	20,745,723
Improvements	1,629,243	1,690,562
Machinery and Equipment	201,241	222,299
Infrastructure	12,742,770	13,065,201
	<u>\$ 34,701,008</u>	<u>\$ 35,816,632</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, 2014

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	\$ 4,196,000	2024
8/15/2002	Sewer	3.00-5.00	6,290,000	1,270,000	2022
1/15/2004	General Purpose (Water)	2.00-4.00	3,900,000	1,250,000	2019
<u>Other</u>					
11/1/2010	General Obligation Serial Note	3.00	415,000	166,000	2016
1/31/2008	Clean Water Fund Loans	2.00	642,019	429,236	2027
	Total		<u>\$ 17,563,019</u>	<u>\$ 7,311,236</u>	

The Town of Winchester's total debt decreased by \$1,085,965 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.
- Growing need for capital investment, for both infrastructure and equipment.
- Continued effort to restore adequate reserve funds for future bonding needs.
- Need for additional staff for operational and safety needs.
- Expired collective bargaining agreements.

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.

Basic Financial Statements

TOWN OF WINCHESTER, CONNECTICUT

Statement of Net Position

June 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 4,518,619	\$ 514,012	\$ 5,032,631
Receivables, net of allowance	3,515,136	340,357	3,855,493
Other assets	2,272	917,466	919,738
Internal balances	1,257,025	(1,257,025)	-
Capital assets:			
Assets not being depreciated	26,945,297	92,847	27,038,144
Assets being depreciated, net	16,166,420	34,608,161	50,774,581
Total assets	<u>\$ 52,404,769</u>	<u>\$ 35,215,818</u>	<u>\$ 87,620,587</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	110,578	110,578
Total deferred outflows of resources	<u>-</u>	<u>110,578</u>	<u>110,578</u>
Liabilities:			
Accounts payable and accrued items	\$ 1,302,060	\$ 125,547	\$ 1,427,607
Due to other governments	161,700	-	161,700
Unearned grant revenue	116,521	-	116,521
Noncurrent liabilities:			
Due within one year	1,024,495	527,470	1,551,965
Due in more than one year	14,625,750	2,655,679	17,281,429
Total liabilities	<u>17,230,526</u>	<u>3,308,696</u>	<u>20,539,222</u>
Deferred Inflows of Resources			
Unavailable revenue - advanced			
property tax collections	7,604	-	7,604
Total deferred inflows of resources	<u>7,604</u>	<u>-</u>	<u>7,604</u>
Net Position:			
Net investment in capital assets	38,706,670	31,687,119	70,393,789
Restricted for community development	1,668,735	-	1,668,735
Restricted for soldiers monument restoration	109,370	-	109,370
Restricted for grants & donations	62,106	-	62,106
Restricted for other purposes	53,153	-	53,153
Restricted for purposes of trust:			
Nonexpendable	428,475	-	428,475
Expendable	16,865	-	16,865
Unrestricted	(5,878,735)	330,581	(5,548,154)
Total Net Position	<u>\$ 35,166,639</u>	<u>\$ 32,017,700</u>	<u>\$ 67,184,339</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, 2014

Functions/program Activities	Program revenues				Net (expense) revenue and changes in net position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Primary government		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 3,184,962	\$ 286,497	\$ 170,863	\$ -	\$ (2,727,602)	\$ -	\$ (2,727,602)
Library	176,474	-	-	-	(176,474)	-	(176,474)
Waste disposal and recycling	222,812	-	-	-	(222,812)	-	(222,812)
Public safety	3,558,537	84,557	41,207	-	(3,432,773)	-	(3,432,773)
Public works	3,067,995	381,676	590,229	650,810	(1,445,280)	-	(1,445,280)
Health	575,514	77,678	258,433	-	(239,403)	-	(239,403)
Parks and recreation	210,019	10,500	-	-	(199,519)	-	(199,519)
Education	24,007,954	102,112	12,020,378	-	(11,885,464)	-	(11,885,464)
Interest on long-term debt	222,581	-	-	-	(222,581)	-	(222,581)
Total governmental activities	<u>35,226,848</u>	<u>943,020</u>	<u>13,081,110</u>	<u>650,810</u>	<u>(20,551,908)</u>	<u>-</u>	<u>(20,551,908)</u>
Business-type activities							
Waterworks	1,522,972	1,937,052	-	-	-	414,080	414,080
Sewer	1,695,555	1,662,134	-	1,317	-	(32,104)	(32,104)
Total business-type activities	<u>3,218,527</u>	<u>3,599,186</u>	<u>-</u>	<u>1,317</u>	<u>-</u>	<u>381,976</u>	<u>381,976</u>
Total primary government	<u>\$ 38,445,375</u>	<u>\$ 4,542,206</u>	<u>\$ 13,081,110</u>	<u>\$ 652,127</u>	<u>(20,551,908)</u>	<u>381,976</u>	<u>(20,169,932)</u>
General revenues:							
Property taxes					23,977,690	-	23,977,690
Grants and contributions not restricted to specific programs					322,157	-	322,157
Unrestricted investment earnings					84	-	84
Contributions to permanent fund principal					3,369	-	3,369
Miscellaneous					139,163	-	139,163
Insurance Claim					1,100,000	-	1,100,000
Transfers					(110,480)	110,480	-
Total general revenues and transfers					<u>25,431,983</u>	<u>110,480</u>	<u>25,542,463</u>
Change in net position					4,880,075	492,456	5,372,531
Net position at beginning of year (as restated)					<u>30,286,564</u>	<u>31,525,244</u>	<u>61,811,808</u>
Net position at end of year					<u>\$ 35,166,639</u>	<u>\$ 32,017,700</u>	<u>\$ 67,184,339</u>

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

TOWN OF WINCHESTER, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2014

	<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	\$ 4,220,462	\$ 13,343	\$ -	\$ 284,814	\$ 4,518,619
Receivables, net of allowance	826,267	1,514,050	620,306	323,645	3,284,268
Due from other funds	1,984,046	-	-	1,482,022	3,466,068
Other assets	584	-	-	1,688	2,272
Total Assets	<u>\$ 7,031,359</u>	<u>\$ 1,527,393</u>	<u>\$ 620,306</u>	<u>\$ 2,092,169</u>	<u>\$ 11,271,227</u>
Liabilities					
Accounts payable and accrued items	\$ 1,259,536	\$ -	\$ 2,304	\$ 40,220	\$ 1,302,060
Due to other funds	1,482,022	-	699,555	27,466	2,209,043
Due to other governments	-	-	-	161,700	161,700
Unearned grant revenue	-	-	-	116,521	116,521
Total Liabilities	<u>2,741,558</u>	<u>-</u>	<u>701,859</u>	<u>345,907</u>	<u>3,789,324</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	756,088	-	-	-	756,088
Unearned revenue - advanced property tax collections	7,604	-	-	-	7,604
Unavailable revenue - sewer assessment and use charges	-	-	618,908	-	618,908
Total Deferred Inflows of Resources	<u>763,692</u>	<u>-</u>	<u>618,908</u>	<u>-</u>	<u>1,382,600</u>
Fund balances:					
Nonspendable	-	1,514,050	-	584,848	2,098,898
Restricted	-	13,343	-	228,151	241,494
Committed	-	-	-	948,908	948,908
Unassigned	3,526,109	-	(700,461)	(15,645)	2,810,003
Total Fund Balances	<u>3,526,109</u>	<u>1,527,393</u>	<u>(700,461)</u>	<u>1,746,262</u>	<u>6,099,303</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,031,359</u>	<u>\$ 1,527,393</u>	<u>\$ 620,306</u>	<u>\$ 2,092,169</u>	<u>\$ 11,271,227</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, 2014

Fund balances reported in governmental funds Balance Sheet. \$ 6,099,303

**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>	69,212,083
<i>Depreciation</i>	(26,100,366)

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>	756,088
<i>Sewer assessments receivable greater than 60 days</i>	618,908
<i>Interest receivable on property taxes</i>	199,870
<i>Interest receivable on sewer assessments</i>	30,998

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>	(4,362,000)
<i>Net Pension Liability</i>	(6,909,889)
<i>OPEB obligation</i>	(1,441,465)
<i>Pollution remediation</i>	(318,971)
<i>Capital leases payable</i>	(43,047)
<i>Claims and judgements</i>	(1,353,345)
<i>Early retirement incentives</i>	(200,000)
<i>Compensated Absences</i>	<u>(1,021,528)</u>

Net position of governmental activities. \$ 35,166,639

TOWN OF WINCHESTER, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<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	\$ 23,758,932	\$ -	\$ -	\$ -	\$ 23,758,932
Intergovernmental revenues	11,021,018	-	-	2,919,191	13,940,209
Interest and dividends	-	-	-	84	84
Charges for services	631,247	-	159,541	96,112	886,900
Licenses, fees and permits	166,402	-	-	8,304	174,706
Other revenue	139,163	-	-	117,237	256,400
Insurance Claim	<u>1,100,000</u>	-	-	-	<u>1,100,000</u>
Total Revenues	<u>36,816,762</u>	<u>-</u>	<u>159,541</u>	<u>3,140,928</u>	<u>40,117,231</u>
Expenditures					
Current					
General government	2,774,517	-	-	95,848	2,870,365
Library	176,474	-	-	-	176,474
Miscellaneous	402,436	-	-	-	402,436
Waste disposal and recycling	222,812	-	-	-	222,812
Public safety	3,230,330	-	-	162,093	3,392,423
Public works	1,725,019	-	-	-	1,725,019
Health	304,663	-	-	260,518	565,181
Parks and recreation	186,958	-	-	-	186,958
Education	21,815,738	-	-	2,030,758	23,846,496
Program and project expenditures	187,366	623,107	-	-	810,473
Debt Service:					
Note Issuance Costs	20,373	-	-	-	20,373
Principal retirement	526,582	-	-	-	526,582
Interest	202,249	-	-	-	202,249
Capital outlay	<u>173,272</u>	-	-	<u>778,729</u>	<u>952,001</u>
Total Expenditures	<u>31,948,789</u>	<u>623,107</u>	<u>-</u>	<u>3,327,946</u>	<u>35,899,842</u>
Excess/(deficiency) of revenues over expenditures	4,867,973	(623,107)	159,541	(187,018)	4,217,389
Other Financing Sources/(Uses)					
Grant Anticipation Notes (GANS) Issued	2,000,000	-	-	-	2,000,000
Repayment of GANS	(2,000,000)	-	-	-	(2,000,000)
Transfers in	41,040	-	-	836,314	877,354
Transfers out	<u>(836,314)</u>	-	<u>(151,520)</u>	-	<u>(987,834)</u>
Total Other Financing Sources/(Uses)	<u>(795,274)</u>	<u>-</u>	<u>(151,520)</u>	<u>836,314</u>	<u>(110,480)</u>
Net Change in Fund Balances	4,072,699	(623,107)	8,021	649,296	4,106,909
Fund Balances at Beginning of Year (as restated)	<u>(546,590)</u>	<u>2,150,500</u>	<u>(708,482)</u>	<u>1,096,966</u>	<u>1,992,394</u>
Fund Balances at End of Year	<u>\$ 3,526,109</u>	<u>\$ 1,527,393</u>	<u>\$ (700,461)</u>	<u>\$ 1,746,262</u>	<u>\$ 6,099,303</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, 2014

Net change in fund balances - total governmental funds. \$ 4,106,909

**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>	897,690
<i>Depreciation expense</i>	(951,513)

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>	169,211
<i>Sewer assessment revenue accrual basis change</i>	(118,586)
<i>Interest income on property taxes</i>	55,868
<i>Interest income on sewer assessments</i>	(6,321)

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>	503,000
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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>	(42,191)
<i>Net Pension Liability</i>	111,534
<i>OPEB obligation</i>	-
<i>Claims and judgements</i>	135,356
<i>Early retirement incentives</i>	102,500
<i>Compensated Absences</i>	<u>(83,382)</u>

Change in net position of governmental activities. \$ 4,880,075

TOWN OF WINCHESTER, CONNECTICUT

Statement of Net Position

Proprietary Funds

June 30, 2014

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 288,559	\$ 225,453	\$ 514,012
Rents and assessments receivable, net	150,321	135,300	285,621
Interest Receivable	29,563	25,173	54,736
Accrued utility revenue	503,349	414,117	917,466
Total current assets	971,792	800,043	1,771,835
Noncurrent assets:			
Due from other funds	-	965,063	965,063
Nondepreciable capital assets	63,212	29,635	92,847
Capital assets, net of accumulated depreciation	15,761,001	18,847,160	34,608,161
Total noncurrent assets	15,824,213	19,841,858	35,666,071
Total assets	\$ 16,796,005	\$ 20,641,901	\$ 37,437,906
Deferred Outflows of Resources	31,714	78,864	110,578
Liabilities			
Current liabilities:			
Accounts payable and accrued items	\$ 64,818	\$ 60,729	\$ 125,547
Due to other funds	200,000	200,000	400,000
Current portion of long-term debt	276,637	250,833	527,470
Total current liabilities	541,455	511,562	1,053,017
Noncurrent liabilities:			
Due to other funds	576,256	1,245,832	1,822,088
Compensated absences	44,494	62,704	107,198
Clean water fund loans	-	398,932	398,932
Bonds payable	1,012,142	1,137,407	2,149,549
Total noncurrent liabilities	1,632,892	2,844,875	4,477,767
Total Liabilities	2,174,347	3,356,437	5,530,784
Deferred Inflows of Resources			
Deferred charge on refunding	-	-	-
Total deferred inflows of resources	-	-	-
Net Position			
Net investment in capital assets	14,558,024	17,129,095	31,687,119
Unrestricted	95,348	235,233	330,581
Total Net Position	\$ 14,653,372	\$ 17,364,328	\$ 32,017,700

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, 2014

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 1,906,836	\$ 1,633,201	\$ 3,540,037
Fines, penalties and interest	<u>30,216</u>	<u>28,933</u>	<u>59,149</u>
Total operating revenues	<u>1,937,052</u>	<u>1,662,134</u>	<u>3,599,186</u>
OPERATING EXPENSES			
Operations	382,709	397,548	780,257
Maintenance	25,173	77,418	102,591
Depreciation expense	472,170	643,454	1,115,624
Administration	<u>589,206</u>	<u>499,584</u>	<u>1,088,790</u>
Total operating expenses	<u>1,469,258</u>	<u>1,618,004</u>	<u>3,087,262</u>
Operating income/(loss)	467,794	44,130	511,924
NONOPERATING EXPENSES			
Interest expense	<u>(53,714)</u>	<u>(77,551)</u>	<u>(131,265)</u>
Income/(Loss) before Transfers, Capital Grants and Other Changes	<u>414,080</u>	<u>(33,421)</u>	<u>380,659</u>
Transfers and Capital Grants:			
Capital grants	-	1,317	1,317
Transfers in	-	151,520	151,520
Transfers out	<u>-</u>	<u>(41,040)</u>	<u>(41,040)</u>
Total transfers and capital grants	<u>-</u>	<u>111,797</u>	<u>111,797</u>
Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	414,080	78,376	492,456
Net Position - Beginning of Year (as restated)	<u>14,239,292</u>	<u>17,285,952</u>	<u>31,525,244</u>
Net Position - End of Year	<u>\$ 14,653,372</u>	<u>\$ 17,364,328</u>	<u>\$ 32,017,700</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, 2014

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,846,033	\$ 1,576,668	\$ 3,422,701
Receipts from interfund services	17,289	17,289	34,578
Payments for interfund services	-	-	-
Payments to employees	(562,189)	(490,897)	(1,053,086)
Payments to suppliers	(473,195)	(474,324)	(947,519)
Net cash provided by operating activities	<u>827,938</u>	<u>628,736</u>	<u>1,456,674</u>
Cash flows from noncapital financing activities:			
Advance/(Repayment) from General Fund	(198,513)	(201,385)	(399,898)
Advance/(Repayment) from Sewer Assessments	-	13,773	13,773
Advance/(Repayment) from Proprietary Funds	24,085	(24,085)	-
Net cash used by noncapital financing activities	<u>(174,428)</u>	<u>(211,697)</u>	<u>(386,125)</u>
Cash flows from capital and related financing activities:			
Capital Grants	-	1,317	1,317
Principal payments on bonds payable	(350,000)	(230,000)	(580,000)
Principal payments on clean water fund loans	-	(29,704)	(29,704)
Principal payments on general fund bonds payable	-	(29,000)	(29,000)
Interest paid on bonds payable and clean water fund loans	(49,831)	(85,791)	(135,622)
Highland Lake Assessments	-	151,520	151,520
Net cash used by capital and related financing activities	<u>(399,831)</u>	<u>(221,658)</u>	<u>(621,489)</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	253,679	195,381	449,060
Cash and Cash Equivalents at Beginning of Year	<u>34,880</u>	<u>30,072</u>	<u>64,952</u>
Cash and Cash Equivalents at End of Year	<u>\$ 288,559</u>	<u>\$ 225,453</u>	<u>\$ 514,012</u>
Reconciliation of operating income/(loss) to net cash provided by operating activities:			
Operating income/(loss)	\$ 467,794	\$ 44,130	\$ 511,924
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation	472,170	643,454	1,115,624
Change in assets and liabilities:			
(Increase) decrease in rents receivable	(49,584)	(35,059)	(84,643)
(Increase) decrease in interest receivable	20,093	10,403	30,496
(Increase) decrease in accrued utility revenue	(44,239)	(43,521)	(87,760)
Increase (decrease) in accounts payable and accrued expenses	(65,313)	642	(64,671)
Increase (decrease) in accrued vacation and sick leave benefits	27,017	8,687	35,704
Total adjustments	<u>360,144</u>	<u>584,606</u>	<u>944,750</u>
Net cash provided by operating activities	<u>\$ 827,938</u>	<u>\$ 628,736</u>	<u>\$ 1,456,674</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, 2014

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ 52,243
Investments, at fair value:		
Short-term investments	284,545	-
Mutual Funds	<u>7,215,939</u>	<u>-</u>
Accrued income	<u>6,039</u>	<u>-</u>
Total Assets	<u>\$ 7,506,523</u>	<u>\$ 52,243</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Liabilities		
Fiduciary Deposits	<u>\$ -</u>	<u>\$ 52,243</u>
Total Liabilities	<u>-</u>	<u>\$ 52,243</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position		
Restricted for Pension Benefits	<u>\$ 7,506,523</u>	

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2014

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 462,706
Plan members	103,410
Total contributions	<u>566,116</u>
Investment Income:	
Net Appreciation in Fair Value of Investments	883,540
Interest	97,488
Total investment income	<u>981,028</u>
Total Additions	<u>1,547,144</u>
Deductions	
Benefits	683,489
Administrative expenses	83,047
Total Deductions	<u>766,536</u>
Change in Net Position	780,608
Net Position at Beginning of Year (as restated)	<u>6,725,915</u>
Net Position at End of Year	<u>\$ 7,506,523</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 2014.

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, Deferred Outflows/Inflows of Resources, 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

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town reports the deferred charge on refunding in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. The government reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes and sewer assessments. These amounts are deferred and recognized as an inflow of resources in the period during which the amounts become available.

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 reported as deferred charges and amortized over the term of the related debt.

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

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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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.

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.

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.

The Town has not established a formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance; however, the Town generally used restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

The Town has not formally enacted legislation or Board policies establishing stabilization funds.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

The Town's Policy on Fund Balance is as follows:

The Town of Winchester shall increase the level of its unassigned and assigned fund balance (in relation to General Fund expenditures) to at least ten percent by the conclusion of the fiscal year ending in 2018 (as indicated in the audited financial statements of that fiscal year).

Until the minimally recommended threshold of ten percent of General Fund expenditures is achieved in the fund balance, the funds used to restore the unassigned and assigned fund balance will be specifically designated within each successive budget. Furthermore, unanticipated "one-time" revenues exceeding \$50,000 shall be designated directly to fund balance.

Until the minimally recommended threshold of ten percent of General Fund expenditures is achieved in the fund balance, this policy shall be annually reconsidered by the Board of Selectman at the second regularly scheduled Board of Selectman meeting in February.

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.

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.

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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

- Public hearings are conducted at locations throughout the Town to obtain taxpayer comments.
- The budget is reviewed at the annual Town budget meeting and sent to referendum for enactment 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. The Board of Selectman must approve transfers 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, 2014.

Excess of Expenditures over Appropriations

For the year ended June 30, 2014 expenditures exceeded appropriations in the General Fund at the following department levels:

Town Clerk	Assessor
Tax Collector	Building
Purchasing Data Processing	Vacation and Sick Pay Accrual
Unemployment Commission	Streetlighting

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

Deficit Fund Equity

The following nonmajor funds had deficit fund balances as of June 30, 2014:

Federal & State Education Grants Fund	\$	10,573
Dog Fund		5,025
Redevelopment Fund		47

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, 2014.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Detailed Cash Notes on all Funds

	Governmental Funds	Fiduciary Funds	Proprietary Funds	<u>Total</u>
Demand Accounts	\$ 4,518,619	\$ 52,243	\$ 514,012	\$ 5,084,874
Total	<u>4,518,619</u>	<u>52,243</u>	<u>514,012</u>	<u>\$ 5,084,874</u>

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.

At year-end, the Town's carrying amount of deposits was \$5,084,874 and the bank balance was \$5,629,512. Of the bank balance, the Federal Depository Insurance Corporation insured \$621,334.

As of June 30, 2014, \$5,008,178 of the Town's bank balance of \$5,629,512 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,457,360
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	<u>550,818</u>
Total	<u>\$ 5,008,178</u>

Investments

As of June 30, 2014 the Town had the following investments:

<u>Investment Type</u>	Credit Rating	Fair Value	Not Applicable	<u>Investment Maturities</u>		
				Less Than 1	1-10	More Than 10
Short-term Investments	N/A	\$ 284,545	\$ -	\$ 284,545	\$ -	\$ -
Mutual Funds	N/A	<u>7,215,939</u>	<u>7,215,939</u>	-	-	-
Total Investments		<u>\$ 7,500,484</u>	<u>\$ 7,215,939</u>	<u>\$ 284,545</u>	<u>\$ -</u>	<u>\$ -</u>

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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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.

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	\$ 852,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 852,270
Sewer assessment	-	-	620,306	-	-	-	620,306
Intergovernmental	-	-	-	-	-	168,960	168,960
Loans *	-	1,514,050	-	-	-	154,685	1,668,735
Interest, Liens, and Fees	-	-	-	29,563	25,173	-	54,736
Rents and assessments	-	-	-	166,227	143,505	-	309,732
Accounts	19,412	-	-	-	-	-	19,412
Gross receivables	<u>871,682</u>	<u>1,514,050</u>	<u>620,306</u>	<u>195,790</u>	<u>168,678</u>	<u>323,645</u>	<u>3,694,151</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>\$ 826,267</u>	<u>\$ 1,514,050</u>	<u>\$ 620,306</u>	<u>\$ 179,884</u>	<u>\$ 160,473</u>	<u>\$ 323,645</u>	<u>\$ 3,624,625</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	\$ 756,088	\$ -
Prepaid taxes	-	7,604
Sewer Assessment:		
Assessments receivable not yet due	618,908	-
Nonmajor Governmental Funds:		
Education grants	-	116,521
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,374,996</u>	<u>\$ 124,125</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Governmental Activities:</i>				
Capital assets, not being depreciated				
Land	\$ 25,700,445	\$ -	\$ -	\$ 25,700,445
Construction in Progress	530,154	714,698	-	1,244,852
Total capital assets, not being depreciated	<u>26,230,599</u>	<u>714,698</u>	<u>-</u>	<u>26,945,297</u>
Capital assets, being depreciated				
Buildings	3,785,906	-	-	3,785,906
Improvements	3,289,365	90,331	-	3,379,696
Machinery & Equipment	8,353,966	92,661	(190,826)	8,255,801
Infrastructure	26,845,383	-	-	26,845,383
Total capital assets, being depreciated	<u>42,274,620</u>	<u>182,992</u>	<u>(190,826)</u>	<u>42,266,786</u>
Less accumulated depreciation for:				
Buildings	3,078,053	19,496	-	3,097,549
Improvements	1,283,121	56,695	-	1,339,816
Machinery & Equipment	4,660,170	308,035	(190,826)	4,777,379
Infrastructure	16,318,335	567,287	-	16,885,622
Total accumulated depreciation	<u>25,339,679</u>	<u>951,513</u>	<u>(190,826)</u>	<u>26,100,366</u>
Total capital assets, being depreciated	<u>16,934,941</u>	<u>(768,521)</u>	<u>-</u>	<u>16,166,420</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 43,165,540</u>	<u>\$ (53,823)</u>	<u>\$ -</u>	<u>\$ 43,111,717</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	5,382,504	-	-	5,382,504
Infrastructure	15,646,258	-	-	15,646,258
Total capital assets, being depreciated	<u>59,600,825</u>	<u>-</u>	<u>-</u>	<u>59,600,825</u>
Less accumulated depreciation for:				
Buildings	14,795,088	710,816	-	15,505,904
Improvements	1,340,690	61,319	-	1,402,009
Machinery & Equipment	5,160,205	21,058	-	5,181,263
Infrastructure	2,581,057	322,431	-	2,903,488
Total accumulated depreciation	<u>23,877,040</u>	<u>1,115,624</u>	<u>-</u>	<u>24,992,664</u>
Total capital assets, being depreciated, net	<u>35,723,785</u>	<u>(1,115,624)</u>	<u>-</u>	<u>34,608,161</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 35,816,632</u>	<u>\$ (1,115,624)</u>	<u>\$ -</u>	<u>\$ 34,701,008</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	\$ 96,452
Public Safety	119,558
Public Works	655,241
Education	57,201
Parks and Recreation	<u>23,061</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 951,513</u>
Business-type activities	
Waterworks	\$ 472,170
Sewer	<u>643,454</u>
Total Depreciation Expense	
Business-Type Activities	<u>\$ 1,115,624</u>

Construction Commitments

The Town has active construction projects as of June 30, 2014. 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	\$ 86,111	\$ 3,618,769
Main Street Phase II	1,124,741	332,759
Hinsdale School Doors	<u>34,000</u>	<u>22,335</u>
	<u>\$ 1,244,852</u>	<u>\$ 3,973,863</u>

The Town expects significant grant revenues in connection with the Holabird Avenue Bridge Project.

Interfund Transfers, Receivables, and Payables

Transfer to:	Transfer from:			Total
	General Fund	Sewer Assessments	Sewer Fund	
General Fund	\$ -	\$ -	\$ 41,040	\$ 41,040
Dog Fund	37,000	-	-	37,000
Police Retirees Benefit Fund	104,985	-	-	104,985
Capital Improvements Fund	494,748	-	-	494,748
Unexpended Education Funds Account	199,581	-	-	199,581
Sewer Fund	<u>-</u>	<u>151,520</u>	<u>-</u>	<u>151,520</u>
	<u>\$ 836,314</u>	<u>\$ 151,520</u>	<u>\$ 41,040</u>	<u>\$ 1,028,874</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.

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. A portion of 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, 2014 is as follows:

Due From:	Due To:			Total
	General Fund	Nonmajor Funds	Sewer Fund	
General Fund	\$ -	\$ 1,482,024	\$ -	\$ 1,482,024
Nonmajor Funds	27,466	-	-	27,466
Sewer Assessments	-	-	699,555	699,555
Sewer Fund	1,445,832	-	-	1,445,832
Waterworks Fund	510,748	-	265,508	776,256
	<u>\$ 1,984,046</u>	<u>\$ 1,482,024</u>	<u>\$ 965,063</u>	<u>\$ 4,431,133</u>

Long-Term Debt

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds and notes	\$ 4,865,000	\$ -	\$ 503,000	\$ 4,362,000	\$ 503,000
Capital leases	856	65,773	23,582	43,047	20,999
Compensated absences	938,146	83,382	-	1,021,528	208,482
Heart and hypertension	1,488,701	-	135,356	1,353,345	171,514
Pollution remediation	318,971	-	-	318,971	-
Early retirement incentives	302,500	36,000	138,500	200,000	120,500
Net Pension obligation (as restated)	7,021,423	-	111,534	6,909,889	-
OPEB obligation	1,441,465	224,957	-	1,666,422	-
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 16,377,062</u>	<u>\$ 410,112</u>	<u>\$ 911,972</u>	<u>\$ 15,875,202</u>	<u>\$ 1,024,495</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 3,100,000	\$ -	\$ 580,000	\$ 2,520,000	\$ 425,000
Plus deferred amounts:					
Issuance premiums on refunding	74,758	-	10,105	64,653	10,104
Total bonds payable	3,174,758	-	590,105	2,584,653	435,104
Clean water fund loans	458,940	-	29,704	429,236	30,304
Compensated absences	133,556	35,704	-	169,260	62,062
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 3,767,254</u>	<u>\$ 35,704</u>	<u>\$ 619,809</u>	<u>\$ 3,183,149</u>	<u>\$ 527,470</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, 2014
General Purposes:						
Public Improvements	8/14/2008	6,316,000	4.02%	8/15/2023	\$ 416,000 - 425,000	\$ 4,196,000
Fire Truck	11/1/2010	415,000	3%	11/1/2015	83,000	166,000
Water and Sewer:						
General refunding	8/15/2002	6,290,000	2-5%	6/1/2022	150,000 - 490,000	1,270,000
General refunding	1/15/2004	3,900,000	2-4%	8/1/2018	250,000	<u>1,250,000</u>
						<u>\$ 6,882,000</u>

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

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

Year Ending	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
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	420,000	92,701	405,000	35,763
2020-2024	<u>2,096,000</u>	<u>210,326</u>	<u>460,000</u>	<u>47,726</u>
Total	<u>\$ 4,362,000</u>	<u>\$ 847,651</u>	<u>\$ 2,520,000</u>	<u>\$ 394,359</u>

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, 2014 was \$429,236. 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 Ending	Business-Type Activities	
	Principal	Interest
2015	\$ 30,304	\$ 8,308
2016	30,916	7,696
2017	31,540	7,072
2018	32,176	6,436
2019	32,826	5,786
2020-2024	174,338	18,721
2025-2027	97,136	2,612
Total	<u>\$ 429,236</u>	<u>\$ 56,631</u>

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

Short-Term Debt

A General Obligation Grant Anticipation Note of \$2,000,000 was issued on November 22, 2013. The note required one annual payment to be paid on May 15, 2014, with an interest rate of 2%.

Changes in Short-Term Liabilities

Short-Term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation grant anticipation note	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -
Total Governmental Activities					
Short-Term Liabilities	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2013, and 2014 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, in 2013, nine teachers chose early retirement and in 2014, four teachers chose early retirement; therefore, a liability of \$200,000 has been recorded in the government-wide financial statements.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the 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	\$ 350,103
Less accumulated depreciation	<u>(190,468)</u>
Total	<u>\$ 159,635</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

	<u>Governmental Activities</u>
Year ending June 30:	
2015	\$ 23,151
2016	23,151

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 \$57,492.

The Town has entered into several lease agreements for equipment. These leases require monthly or quarterly payments from \$82 to \$1,851. These leases expire ranging from July 2013 to June 2018. Total lease expense for 2014 was \$30,791.

Future minimum lease payments under current agreements are as follows:

	<u>Governmental Activities</u>
Year ending June 30:	
2015	\$ 89,027
2016	86,709
2017	65,267
2018	11,301

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, 2014 are as follows:

	General Fund	Major Special Revenue Funds	Non-Major Governmental Funds	Total
Fund balances:				
Nonspendable:				
Small Cities	\$ -	\$ 1,514,050	\$ -	\$ 1,514,050
Cafeteria Fund	-	-	1,688	1,688
Brownfields Pilot Program	-	-	154,685	154,685
Winchester School Trust Fund	-	-	81,705	81,705
Winchester Sinking Fund	-	-	18	18
Forest View Cemetery Fund	-	-	138,267	138,267
Winchester Center Cemetery Fund	-	-	38,410	38,410
Winchester Memorial Park Fund	-	-	14,061	14,061
Local Town Improvements	-	-	156,014	156,014
Total Nonspendable	<u>\$ -</u>	<u>\$ 1,514,050</u>	<u>\$ 584,848</u>	<u>\$ 2,098,898</u>
Restricted for:				
Small Cities	\$ -	\$ 13,343	\$ -	\$ 13,343
Homeless Shelter Fund	-	-	188	188
Brownfields Pilot Program	-	-	2,300	2,300
Elderly Enrichment Part I Fund	-	-	29,000	29,000
Soldiers Monument Fund	-	-	1,485	1,485
Cemetery Association Trust Fund	-	-	673	673
Soldiers Monument Restoration Fund	-	-	109,370	109,370
Bullet Proof Vests Fund	-	-	392	392
JAG Grant Fund	-	-	5,523	5,523
EDC Donation Fund	-	-	249	249
Grants & Donations Fund	-	-	62,106	62,106
Winchester School Trust Fund	-	-	86	86
Forest View Cemetery Fund	-	-	50	50
Winchester Center Cemetery Fund	-	-	19	19
Forest View Cemetery Chapel Trust	-	-	630	630
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>\$ 13,343</u>	<u>\$ 228,151</u>	<u>\$ 241,494</u>
Committed to:				
Industrial Park #2 Fund	\$ -	\$ -	\$ 186,984	\$ 186,984
Cafeteria Fund	-	-	109,367	109,367
City Sidewalks Fund	-	-	863	863
Highland Lake Catch Basin Fund	-	-	870	870
Unexpended Education Funds Account	-	-	199,581	199,581
Capital Improvements Fund	-	-	451,243	451,243
Total Committed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,908</u>	<u>\$ 948,908</u>
Unassigned:				
General Fund	\$ 3,526,109	\$ -	\$ -	\$ 3,526,109
Sewer Assessment Fund	-	(700,461)	-	(700,461)
Federal and State Education Grants Fund	-	-	(10,573)	(10,573)
Dog Fund	-	-	(5,025)	(5,025)
Redevelopment Fund	-	-	(47)	(47)
Total Unassigned	<u>\$ 3,526,109</u>	<u>\$ (700,461)</u>	<u>\$ (15,645)</u>	<u>\$ 2,810,003</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

NOTE 5 - EMPLOYEE RETIREMENT PLAN

Defined Benefit Pension Plan

Plan Description - The Town of Winchester is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Town to provide pension benefits for its municipal employees. The Plan provides retirement, death, and disability benefits to plan members and beneficiaries. 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 Retirement Administration Board has the authority to make rules and regulations for the administration of the plan. The Board consists of the Town Manager, two citizens at large, and two non-supervisory employees of the Town appointed by the Board of Selectmen. The Town manager's seat is ex-officio (non-voting).

Classes of Employees Covered and Current Membership – All union employees hired prior to June 30, 2014 (except Police Officers covered by CMERS, those covered by the State of Connecticut Teachers Retirement System, and alternative funding source employees) at least 21 years of age and having six months of service are eligible. One year of credited service is earned for each calendar year during which 1,000 hours is worked. Current membership consists of the following:

Active plan members	48
Inactive plan members or beneficiaries receiving benefits	46
Inactive plan members entitled to but not yet receiving benefits	<u>6</u>
Total plan participants	<u>100</u>

As of July 1, 2014 non-union employees and newly hired union positions are eligible to participate in a Defined Contribution retirement plan.

Benefits Provided - 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 the normal retirement age 65 or 5 years of service (age 55 or 10 years of services for BOE members); 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.

Contributions - The contribution requirements of the Town are established and may be amended by the Board of Selectmen, as suggested by the actuarial valuations. The actuarial method used to develop the annual funding percentage for all benefits is the Entry Age Normal Actuarial Cost Method. The Town currently contributes at the actuarially determined rate; the current rate is 5.74% of annual covered payroll. 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. Costs to administer the plan are paid by the Pension Trust Fund and are included in the actuarially determined contribution. Investment management fees are also paid out of the Pension Trust Fund.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

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. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the plan and additions/deductions to/from the Town's fiduciary net position have been determined on the same basis as they are reported by the Town's Pension Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Investment Policy – The Pension Plan's policy in regards to the allocation of invested assets is established and may be amended by the Board of Selectmen. It is the policy of the Town's board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

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.

There were no investments that represented 5% or more of the pension plan's fiduciary net position.

Money-weighted Rate of Return – For the year ended June 30, 2014 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 14.55 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Currently there is no Deferred Retirement Option Plan.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2014, were as follows:

	2014
Total pension liability	\$ 14,416,413
Plan fiduciary net position	<u>7,506,524</u>
Net pension liability (asset)	6,909,889
Plan fiduciary net position as a percentage of total pension liability	52.07%
Covered-employee payroll	2,668,367
Net pension liability as a % of covered-employee payroll	258.96%

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

Actuarial Methods and Assumptions - The annual required contribution for the current year was determined as part of the January 1, 2013 actuarial valuation using the entry age normal actuarial cost method. The funding policy consists of two parts, normal cost plus an amortization of the plan's Unfunded Actuarial Liability. For the January 1, 2014 valuation, an open amortization period of 30 years was used. Significant actuarial assumptions used include: (1) rate of return on investments of 7.75% per year, (2) projected salary increases of 3.0% per year, and (3) a normal retirement age at the later of age 65 or 5 years of service. The unfunded actuarial accrued liability is being amortized over 30 years. Mortality was based on RP-2000 Mortality Table with separate male and female rates, no collar adjustment, a combined table for non-annuitants and annuitants, and projected to the valuation date with Scale AA. An expenses study has not been performed.

Discount Rate – The long-term expected rate of return on investments may be used to discount liabilities to the extent that the plan's fiduciary net position and future contributions are projected to be sufficient to cover expected benefit payments and administrative expenses for current plan members. Projections of the plan's fiduciary net position incorporate all cash flows for contributions from the employer and employee and administrative expenses. Professional judgment should be applied to the projections of contributions in circumstances where a) contributions amounts are established by statute or contract or b) a formal written policy exists. Consideration should also be given to the most recent five-year contribution history as key indicators of future contributions. It should not include cash flows for future plan members.

If the amount of the plan's fiduciary net position is projected to be greater than or equal to the benefit payments and administrative expenses made in that period, the actuarial present value of payments should be discounted using the long-term expected rate of return on those investments. A 20-year, high quality (AA/Aa or higher), tax-exempt municipal bond yield or index rate must be used to discount benefit payments for periods where the fiduciary net position is not projected to cover the expected benefit payments and administrative expenses.

Plans that are projected to have a sufficient fiduciary net position indefinitely will use the long-term expected return on investments to determine liabilities but will have to substantiate their projected solvency. Plans that are projected to not have a sufficient fiduciary net position (i.e., assets are not sufficient to cover future benefit payments and administrative expenses) will be required to use a blended single equivalent discount rate, which may be significantly lower than the long-term expected rate of return on investments and will result in higher liabilities. A single equivalent interest rate of 5.3% was used for the current discount rate.

	<u>Current Discount Rate</u>	<u>1% Decrease Discount Rate</u>	<u>1% Increase Discount Rate</u>
	5.3%	4.3%	6.3%
Net pension liability as of June 30, 2014	\$6,909,889	\$8,506,602	\$5,541,081

Valuation Date and Roll Forward Process – The plan used the January 1, 2013 valuation to calculate the Actuarially Determined Employer Contribution for fiscal year ending June 30, 2014. The January 1, 2013 Total Pension Liability was increased by service cost, interest, and decreased by benefit payments to estimate the Total Pension Liability as of June 30, 2013 and June 30, 2014. The Total Pension Liability as of June 30, 2014 was also adjusted to reflect any material plan changes after the valuation.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Target Allocation and Expected Rate of Return
June 30, 2014

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>	<u>Weighting</u>
U.S. Large Cap	23.00%	6.00%	1.38%
U.S. Mid Cap	10.00%	6.60%	0.66%
U.S. Small Cap	6.00%	6.80%	0.41%
International-Developed	13.00%	5.20%	0.68%
Emerging Markets	8.00%	10.80%	0.86%
Fixed Income - Investment Grade	23.00%	1.10%	0.25%
Fixed Income - Int'l Dev Bonds	2.00%	0.70%	0.01%
Fixed Income - High Yield	3.00%	1.40%	0.04%
Real Estate	6.00%	5.10%	0.31%
Tangible Assets	6.00%	4.40%	0.26%
	<u>100.00%</u>		<u>4.86%</u>
Long-Term Inflation Expectation			<u>2.30%</u>
Long-Term Expected Nominal Return			<u>7.16%</u>

* Long-term returns are provided by U.S. Trust - Bank of America. The returns are geometric means.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. The results support a rate between 7.0% and 7.75%. An expected rate of return 7.75% was used for purposes of the January 1, 2014 valuation. A rate of 5.3% was used in the calculation of liabilities for GASB purposes contained in this report.

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance at June 30, 2013, as restated	\$ 14,053,573	\$ 7,032,150	\$ 7,021,423
Charges for the year			
Service Cost	362,381	-	362,381
Interest	744,581	-	744,581
Employer Contributions	-	153,179	(153,179)
Member Contributions	-	103,410	(103,410)
Net Investment Income	-	983,007	(983,007)
Benefit Payments	(744,122)	(744,122)	-
Administrative Expenses	-	(21,100)	21,100
Net Changes	<u>362,840</u>	<u>474,374</u>	<u>(111,534)</u>
Balance at June 30, 2014	<u>\$ 14,416,413</u>	<u>\$ 7,506,524</u>	<u>\$ 6,909,889</u>
Plan fiduciary net position as a percentage of the total pension liability			52.07%
Covered-Employee Payroll			\$ 2,668,367
Net pension liability as a percentage of covered-employee payroll			258.96%

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

Annual Pension Cost and Net Pension Obligation

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 2014, were as follows:

	<u>6/30/2014</u>
Annual Required Contribution (ARC)	\$ 474,401
Interest on Net Pension Obligation	167,826
Adjustment to Annual Required Contributions	<u>(172,542)</u>
Annual Pension Cost	469,685
Contributions Made	<u>(153,179)</u>
Increase in Net Pension Obligation	316,506
Net Pension Obligation, Beginning	<u>2,097,830</u>
Net Pension Obligation, Ending	<u>\$ 2,414,336</u>

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$ 514,490	\$ 142,216	27.6%	\$ 1,847,549
June 30, 2013	417,592	167,311	40.1%	2,097,830
June 30, 2014	469,685	153,179	32.6%	2,414,336

Actuarial assumed interest rate 8.00%
Amortization period 30

Required Supplementary Information - Historical trend information for the pension plan are presented as supplementary schedules following the notes to the financial statements, and, as information becomes available, will present 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.

Connecticut Teachers Retirement Board

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. 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, 2014 for all participating local governments was \$948,540,000. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2014 was \$1,206,266 and is recognized in the governmental funds GAAP-basis statement of revenues, expenditures and changes in fund balances. For the year ended June 30, 2014, teachers of the Town contributed \$352,771 to the plan, and covered payroll for the year was \$4,865,807.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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	Required Contribution	Percentage Contributed
6/30/2012	80,478	100%
6/30/2013	80,948	100%
6/30/2014	87,221	100%

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Annual OPEB Cost and Net OPEB Obligations

The Town allows certain retirees and their spouses to remain on the Town's health insurance plan. All eligible employees pay 100% of the premiums. Premiums for police retirees had been historically paid from a co-funded Retiree Insurance Fund. In accordance with a collective bargaining agreement, when funds were exhausted the benefits ceased. A new collective bargaining agreement provides a new framework for restoring medical benefits for Police Department retirees, with the program going into effect July 1, 2015. 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.

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)	\$ 669,405
Interest on net OPEB obligation	64,866
Adjustment to annual required contribution	<u>(84,692)</u>
Annual OPEB cost	649,579
Contributions made	<u>424,622</u>
Increase in net OPEB obligation	224,957
Net OPEB obligation, beginning of year	<u>1,441,465</u>
Net OPEB Obligation, End of Year	<u><u>\$ 1,666,422</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, 2012	605,983	355,865	58.7%	1,220,409
June 30, 2013	606,638	385,582	63.6%	1,441,465
June 30, 2014	649,579	424,622	65.4%	1,666,422

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.

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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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, 2013 and 2014.

A schedule of changes in the claims liability for heart and hypertension judgments for the years ended June 30, 2014 and 2013, 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
2012-13	\$ 1,643,542	\$ 42,084	\$ 196,925	\$ 1,488,701
2013-14	1,488,701	-	135,356	1,353,345

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.

Contingent Liabilities

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

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. Historically, such disallowances were not material; however, the CT SDE is currently performing reviews of special education and school nutrition grant payments. The outcomes of these reviews are unknown. Continuing disclosure requirements have not been timely filed in relation to general obligation bonds.

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

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

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. 65, *Items Previously Reported as Assets and Liabilities*, 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 certain items previously reported as assets and liabilities to be reported as deferred inflows or outflows of resources. Prior to the implementation of GASB Statement No. 65, reporting standards required the Town to present certain items as assets and liabilities. Due to the adoption of GASB Statement No. 65, the Town is now reporting Deferred Property Taxes, Advanced Property Taxes, and Sewer Assessments as deferred inflows of resources.

The adoption of GASB Statement No. 67, *Financial Reporting for Pension Plans*, did have significant effects on the financial statement disclosures of the Defined Benefit Plans, which can be found on pages 48-52. The standard required the Town to restate its accrued pension liability as of July 1, 2013 as follows:

	General <u>Fund</u>		Proprietary <u>Funds</u>
Fund Balance at June 30, 2013	\$ (1,205,348)	Net Position at June 30, 2013	\$ 31,258,242
Adoption of GASB Statement 67	<u>658,758</u>	Adoption of GASB Statement 67	<u>267,002</u>
Fund Balance at July 1, 2013	<u><u>\$ (546,590)</u></u>	Net Position at July 1, 2013	<u><u>\$ 31,525,244</u></u>

The standard also required the Town to report a Net Pension Liability for its Defined Benefit Pension Plan instead of a Net Pension Obligation as previously reported. The restatement of net position/fund balance as a result of the adoption of this statement is as follows:

	Governmental <u>Activities</u>
Net Position at June 30, 2013	\$ 34,551,399
Governmental Restatement (above)	658,758
Adoption of GASB Statement 67	<u>(4,923,593)</u>
Net Position at July 1, 2013	<u><u>\$ 30,286,564</u></u>

NOTE 9 – SUBSEQUENT EVENTS

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 recent financial difficulties, past embezzlement, and the complaint against the Town regarding the Board of Education. The bonds expired in March of 2015 and the Town is currently working to re-secure bond coverage.

**Required
Supplementary
Information**

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over/(Under)</u>
REVENUES				
Taxes				
Property Taxes	\$ 20,863,392	\$ 20,863,392	\$ 21,042,728	\$ 179,336
Property Taxes - Prior Years	385,000	385,000	447,000	62,000
Supplemental Tax	-	-	2,019,761	2,019,761
Interest and Lien Fees	200,000	200,000	249,443	49,443
Total Taxes	<u>21,448,392</u>	<u>21,448,392</u>	<u>23,758,932</u>	<u>2,310,540</u>
Intergovernmental Revenue				
State of Connecticut - General Government	1,771,046	1,771,046	1,456,424	(314,622)
State of Connecticut - Board of Education	8,051,097	8,051,097	7,809,238	(241,859)
Total Intergovernmental Revenues	<u>9,822,143</u>	<u>9,822,143</u>	<u>9,265,662</u>	<u>(556,481)</u>
Other local revenues				
Licenses, fees and permits				
Cemeteries	15,000	15,000	36,723	21,723
Town Clerk	130,000	130,000	128,119	(1,881)
Charges for services				
In lieu of taxes - Housing Authority	36,047	36,047	36,009	(38)
Building Department	101,500	101,500	109,814	8,314
Planning and Zoning	2,000	2,000	3,352	1,352
Inland Wetlands Commission	3,110	3,110	2,512	(598)
Zoning Board of Appeals	5,000	5,000	3,101	(1,899)
Police Department	21,000	21,000	20,567	(433)
Fire and ambulance	400	81,400	55,686	(25,714)
Sale of land and equipment	-	-	9,561	9,561
Park and Recreation Department	21,000	21,000	10,500	(10,500)
Rental Income	12,000	12,000	6,000	(6,000)
CIRMA Distribution	30,000	30,000	26,525	(3,475)
Insurance Claim	595,000	595,000	1,100,000	505,000
Sewer-Water Administration	388,535	388,535	381,676	(6,859)
Water Debt Service	405,000	405,000	404,563	(437)
Sewer Debt Service	377,040	377,040	374,496	(2,544)
Employee Medical Contribution	270,000	270,000	165,914	(104,086)
Other	11,200	11,200	106,666	95,466
Total other local revenues	<u>2,423,832</u>	<u>2,504,832</u>	<u>2,981,784</u>	<u>476,952</u>
Other Financing Sources				
Transfers in	-	-	-	-
Total Revenues	<u>\$ 33,694,367</u>	<u>\$ 33,775,367</u>	<u>\$ 36,006,378</u>	<u>\$ 2,231,011</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>(Over)/Under</u>
EXPENDITURES				
General Government				
Board of Selectmen	\$ 45,010	\$ 39,010	\$ 31,777	\$ 7,233
Town Clerk	190,327	190,327	190,348	(21)
Treasurer	6,460	6,460	4,866	1,594
Accounting Department	315,702	311,702	307,619	4,083
Election Expenditures	59,465	53,465	40,008	13,457
Insurance	631,360	641,360	638,705	2,655
Town Counsel	67,000	93,689	92,070	1,619
Town Manager	185,490	185,490	179,752	5,738
Building Department	206,881	203,581	199,064	4,517
Assessor	88,519	88,519	89,483	(964)
Board of Tax Review	3,750	3,750	3,000	750
Tax Collector	176,315	183,315	183,362	(47)
Planning and Zoning	3,300	3,300	2,142	1,158
Building	187,559	122,079	128,373	(6,294)
Inland Wetland Commission	3,550	3,550	1,569	1,981
Zoning Board of Appeals	1,300	1,900	1,753	147
Laurel City Commission	3,000	3,000	2,994	6
Advisory Comm for the Disabled	1,000	1,000	-	1,000
Northwest Conservation District	1,656	1,656	1,656	-
Purchasing/Data Processing	220,496	226,996	233,209	(6,213)
Probate Court	7,035	7,035	4,507	2,528
Senior Citizens	175,022	175,022	168,464	6,558
Rural Transit District	2,094	2,094	2,094	-
Vacation and Sick Pay Accrual	50,000	116,000	121,186	(5,186)
Highland Lake	21,000	21,000	11,683	9,317
Economic Development Commission	5,700	5,700	1,989	3,711
School Crossing Guards	47,905	45,905	44,431	1,474
Conservation Commission	300	300	-	300
Unemployment Compensation	10,000	24,000	26,198	(2,198)
Cemeteries	36,065	36,765	34,031	2,734
Soldiers Monument Commission	7,300	7,300	4,123	3,177
Planning and Community Development	57,532	57,532	49,505	8,027
Redevelopment Agency	1,000	1,000	415	585
Civil Service Commission	12,900	12,900	8,357	4,543
Friends of Main Street	11,250	11,250	11,250	-
	2,843,243	2,887,952	2,819,983	67,969
Total General Government				
Library	<u>\$ 176,474</u>	<u>\$ 176,474</u>	<u>\$ 176,474</u>	<u>\$ -</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>(Over)/Under</u>
Miscellaneous	\$ 686,030	\$ 762,030	\$ 507,421	\$ 254,609
Waste Disposal and Recycling	<u>267,040</u>	<u>223,640</u>	<u>222,812</u>	<u>828</u>
Public Safety				
Police Department	2,859,099	2,695,099	2,530,639	164,460
Fire Department	394,992	394,992	351,079	43,913
Civil Preparedness	12,284	12,284	10,321	1,963
Winchester Fire Department	43,000	43,000	42,727	273
Ambulance	-	93,000	90,890	2,110
Dispatch	<u>306,363</u>	<u>309,363</u>	<u>287,035</u>	<u>22,328</u>
Total Public Safety	3,615,738	3,547,738	3,312,691	235,047
Public Works				
Public Works Department	1,620,252	1,641,832	1,621,483	20,349
Streetlighting	<u>138,600</u>	<u>132,600</u>	<u>141,755</u>	<u>(9,155)</u>
Total Public Works	1,758,852	1,774,432	1,763,238	11,194
Health				
Department of Health	123,778	127,089	123,778	3,311
Youth and Family Services	28,498	28,498	28,498	-
Paramedic	<u>152,387</u>	<u>152,387</u>	<u>152,387</u>	<u>-</u>
Total Health	304,663	307,974	304,663	3,311
Parks and Recreation				
Park and Recreation Department	<u>214,532</u>	<u>212,332</u>	<u>186,958</u>	<u>25,374</u>
Education				
Board of Education	<u>19,958,149</u>	<u>19,958,149</u>	<u>19,719,256</u>	<u>238,893</u>
Program and Project Expenses	<u>190,057</u>	<u>190,057</u>	<u>187,366</u>	<u>2,691</u>
Debt Service				
Principal Retirement	474,000	474,000	474,000	-
Interest	171,306	211,306	210,541	765
Sewer Plant Principle Retirement	29,000	29,000	29,000	-
Sewer Plant Interest	12,040	12,040	12,040	-
Sewer Principal Retirement	259,704	259,704	259,704	-
Water Principal Retirement	350,000	350,000	350,000	-
Sewer and Water Interest	<u>130,833</u>	<u>130,833</u>	<u>128,314</u>	<u>2,519</u>
Total Debt Service	\$ 1,426,883	\$ 1,466,883	\$ 1,463,599	\$ 3,284

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>(Over)/Under</u>
Capital Outlay	\$ 1,467,840	\$ 1,482,840	\$ 1,299,870	\$ 182,970
Contingency	<u>744,866</u>	<u>744,866</u>	<u>-</u>	<u>744,866</u>
Total Expenditures	<u>\$ 33,654,367</u>	<u>\$ 33,735,367</u>	<u>\$ 31,964,331</u>	<u>\$ 1,771,036</u>
Other Financing Uses				
Transfers out	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 37,000</u>	<u>\$ 3,000</u>
Total	<u>33,694,367</u>	<u>33,775,367</u>	<u>32,001,331</u>	<u>1,774,036</u>
 Excess of Revenues over Expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,005,047</u>	 <u>\$ 4,005,047</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Summary of Significant Accounting Principles

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	\$ 36,816,762	\$ 1,319,765	\$ (2,130,149)	\$ 36,006,378
Expenditures	<u>31,925,207</u>	<u>2,169,141</u>	<u>(2,130,017)</u>	<u>31,964,331</u>
Excess of Revenues Over / (Under) Expenditures	4,891,555	(849,376)	(132)	4,042,047
Other Financing Sources / (Uses)	<u>(818,856)</u>	<u>781,856</u>	<u>-</u>	<u>(37,000)</u>
Excess of Revenues and Other Sources Over Expenditures, Loss on Assets, and Other Uses	<u>\$ 4,072,699</u>	<u>\$ (67,520)</u>	<u>\$ (132)</u>	<u>\$ 4,005,047</u>

Perspective Differences: Expenses for the Police Retiree Fund, Unexpended Education Funds Account, and Capital Improvements Fund are shown as a transfer for the GAAP statements and as an expense for budgetary purposes. Revenues and expenditures for Capital Projects and Water/Sewer Debt Service are shown in the General Fund for budgetary purposes and in there Special Revenue and Proprietary funds for the GAAP statements. Expenses for Capital Leases are show as an other financing source for the GAAP statements and as an expense for budgetary purposes.

Basis Differences: The on-behalf payments made to the Connecticut Teachers Retirement Board, Excess Cost Grant, and Public Transportation Grant are recognized as a GAAP adjustment to arrive at the Fund Financial Statements. Employee Medical Contributions are shown as a revenue for budgetary purposes and netted with their corresponding medical expenses for the GAAP statements.

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2014

	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 362,381
Interest	744,581
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(744,122)</u>
Net change in total pension liability	362,840
Total pension liability - beginning	<u>14,053,573</u>
Total pension liability - ending (a)	<u>\$ 14,416,413</u>
Plan fiduciary net position	
Contributions - employer	\$ 153,179
Contributions - member	103,410
Net investment income	983,007
Benefit payments, including refunds of member contributions	(744,122)
Administrative expenses	(21,100)
Other	<u>-</u>
Net change in pension fiduciary net position	474,374
Plan fiduciary net position - beginning	<u>7,032,150</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,506,524</u>
Net pension liability - ending: (a) - (b)	<u>\$ 6,909,889</u>
Plan fiduciary net position as a percentage of the total pension liability	52.07%
Covered employee payroll	\$ 2,668,367
Net pension liability as a percentage of covered-employee payroll	258.96%

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Schedule of Contributions

Last Fiscal Year

For the Year Ended June 30, 2014

	<u>2014</u>
Actuarially determined employer contribution (ADEC)	\$ 474,401
Contributions in relation to the ADEC	<u>153,179</u>
Contribution deficiency (excess)	<u>\$ 321,222</u>
Covered-employee payroll	2,668,367
Contributions as a percentage of covered-employee payroll	5.74%

Notes to Schedule

Valuation Date: 1/1/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level Percent of Salary
Amortization method	Open
Remaining amortization period	30 yrs
Asset valuation method	Market Value of assets as of January 1, 1984; after January 1, 1984 the Market Value of assets has been adjusted to reflect 25% of realized and unrealized gains (or losses) of each future year until fully recognized. Beginning January 1, 2003 the Market Value of Assets have been adjusted to reflect 20% of actuarial gains and losses since January 1, 1998. Actuarial Value is limited to be within 80% to 120% of Market Value.
Salary increases	3% increase per year
Investment rate of return	7.75%
Normal Retirement	Later of age 65 or 5 years of service.
Mortality	RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Schedule of Investment Returns

Last Fiscal Year

For the Year Ended June 30, 2014

	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	14.55%

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Schedule of Funding Progress
For the Year Ended June 30, 2014

Actuarial Valuation Date	(1) Actuarial Value of Assets Available For Benefits	(2) Actuarial Accrued Liability- Projected Unit Cost Credit Method	(3) Funded Ratio <u>(1) / (2)</u>	(4) Unfunded Actuarial Accrued Liability <u>(2) - (1)</u>	(5) Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll <u>(4) / (5)</u>
January 1, 2014 *	\$ 6,920,135	\$ 11,186,494	61.9%	\$ 4,266,359	\$ 2,376,673	179.5%
January 1, 2013	\$ 6,830,556	\$ 10,064,076	67.9%	\$ 3,233,520	\$ 2,668,367	121.2%
January 1, 2012	\$ 6,956,843	\$ 9,524,425	73.0%	\$ 2,567,582	\$ 2,793,584	91.9%
January 1, 2011	\$ 7,126,464	\$ 9,927,463	71.8%	\$ 2,800,999	\$ 2,639,621	106.1%
January 1, 2010	\$ 7,145,859	\$ 9,582,672	74.6%	\$ 2,436,813	\$ 2,599,696	93.7%
January 1, 2009	\$ 7,013,154	\$ 9,077,763	77.3%	\$ 2,064,609	\$ 2,650,649	77.9%
January 1, 2008	\$ 7,564,943	\$ 8,931,372	84.7%	\$ 1,366,429	\$ 2,623,653	52.1%
January 1, 2007	\$ 7,049,614	\$ 8,362,280	84.3%	\$ 1,312,666	\$ 2,554,129	51.4%
January 1, 2006	\$ 6,699,942	\$ 7,967,164	84.1%	\$ 1,267,222	\$ 2,723,649	46.5%
January 1, 2005	\$ 6,358,434	\$ 7,283,534	87.3%	\$ 925,100	\$ 2,721,690	34.0%
January 1, 2004	\$ 6,024,005	\$ 6,632,855	90.8%	\$ 608,850	\$ 2,726,705	22.3%

* Beginning January 1, 2014 the Entry Age Normal Cost Method is used in determination of the liability.
Prior to that date, the Projected Unit Credit Method was used.

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Schedule of Employer Contributions

For the Year Ended June 30, 2014

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2014	\$ 153,179	\$ 474,401	32%
2013	167,311	421,725	40%
2012	142,216	517,790	27%
2011	197,367	465,608	42%
2010	-	460,970	0%
2009	-	330,629	0%
2008	251,105	332,328	76%
2007	251,105	352,407	71%

See accountant's report.

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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.

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.

Grants & Donations Fund - To account for revenue and expenditures from estate bequeaths, citizen donations, and funds arising from organizations declaring a non-taxable status.

Unexpended Education Funds Account – To account for unexpended education funds in a non-lapsing account.

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, 2014

	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	Cemetery Association Trust Fund
Assets											
Cash and cash equivalents	\$ -	\$ 51,569	\$ -	\$ 188	\$ 3,979	\$ 800	\$ 863	\$ 38,665	\$ 1,485	\$ 18,717	\$ 673
Receivables, net	-	57,798	32,442	-	-	154,685	-	-	-	-	-
Inventory	-	1,688	-	-	-	-	-	-	-	-	-
Due from other funds	340,114	-	73,506	-	-	1,500	-	-	-	-	-
Total Assets	\$ 340,114	\$ 111,055	\$ 105,948	\$ 188	\$ 3,979	\$ 156,985	\$ 863	\$ 38,665	\$ 1,485	\$ 18,717	\$ 673
Liabilities and Fund Balances											
Liabilities:											
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ 338	\$ -	\$ -	\$ 5,063	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	96	-	-	4,602	-	18,717	-
Due to other governments	153,130	-	-	-	8,570	-	-	-	-	-	-
Deferred revenue	-	-	116,521	-	-	-	-	-	-	-	-
Total Liabilities	153,130	-	116,521	-	9,004	-	-	9,665	-	18,717	-
Fund Balances:											
Nonspendable	-	1,688	-	-	-	154,685	-	-	-	-	-
Restricted	-	-	-	188	-	2,300	-	29,000	1,485	-	673
Committed	186,984	109,367	-	-	-	-	863	-	-	-	-
Unassigned	-	-	(10,573)	-	(5,025)	-	-	-	-	-	-
Total Fund Balances	186,984	111,055	(10,573)	188	(5,025)	156,985	863	29,000	1,485	-	673
Total Liabilities and Fund Balances	\$ 340,114	\$ 111,055	\$ 105,948	\$ 188	\$ 3,979	\$ 156,985	\$ 863	\$ 38,665	\$ 1,485	\$ 18,717	\$ 673

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	SPECIAL REVENUE FUNDS							CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	
	Soldiers Monument Restoration Fund	Bullet Proof Vests Fund	Highland Lake Catch Basin Fund	JAG Grant Fund	EDC Donation Fund	Redevelopment Fund	Grants & Donations Fund	Unexpended Education Funds Account	Capital Improvements Fund	Winchester School Trust Fund
Assets										
Cash and cash equivalents	\$ 9,370	\$ 392	\$ 4,736	\$ 828	\$ 249	\$ 138	\$ 61,893	\$ -	\$ -	\$ 47,974
Receivables, net	-	-	-	-	-	-	213	-	78,507	-
Inventory	-	-	-	-	-	-	-	-	-	-
Due from other funds	100,000	-	-	4,695	-	-	-	199,581	407,555	33,817
Total Assets	<u>\$ 109,370</u>	<u>\$ 392</u>	<u>\$ 4,736</u>	<u>\$ 5,523</u>	<u>\$ 249</u>	<u>\$ 138</u>	<u>\$ 62,106</u>	<u>\$ 199,581</u>	<u>\$ 486,062</u>	<u>\$ 81,791</u>
Liabilities and Fund Balances										
Liabilities:										
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,819	\$ -
Due to other funds	-	-	3,866	-	-	185	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,866</u>	<u>-</u>	<u>-</u>	<u>185</u>	<u>-</u>	<u>-</u>	<u>34,819</u>	<u>-</u>
Fund Balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	81,705
Restricted	109,370	392	-	5,523	249	-	62,106	-	-	86
Committed	-	-	870	-	-	-	-	199,581	451,243	-
Unassigned	-	-	-	-	-	(47)	-	-	-	-
Total Fund Balances	<u>109,370</u>	<u>392</u>	<u>870</u>	<u>5,523</u>	<u>249</u>	<u>(47)</u>	<u>62,106</u>	<u>199,581</u>	<u>451,243</u>	<u>81,791</u>
Total Liabilities and Fund Balances	<u>\$ 109,370</u>	<u>\$ 392</u>	<u>\$ 4,736</u>	<u>\$ 5,523</u>	<u>\$ 249</u>	<u>\$ 138</u>	<u>\$ 62,106</u>	<u>\$ 199,581</u>	<u>\$ 486,062</u>	<u>\$ 81,791</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

PERMANENT FUNDS

	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
Assets										
Cash and cash equivalents	\$ -	\$ 24,805	\$ 9,622	\$ -	\$ -	\$ -	\$ -	\$ 7,851	\$ 17	\$ 284,814
Receivables, net	-	-	-	-	-	-	-	-	-	323,645
Inventory	-	-	-	-	-	-	-	-	-	1,688
Due from other funds	18	113,512	28,807	630	445	14,061	7,784	-	155,997	1,482,022
Total Assets	<u>\$ 18</u>	<u>\$ 138,317</u>	<u>\$ 38,429</u>	<u>\$ 630</u>	<u>\$ 445</u>	<u>\$ 14,061</u>	<u>\$ 7,784</u>	<u>\$ 7,851</u>	<u>\$ 156,014</u>	<u>\$ 2,092,169</u>
Liabilities and Fund Balances										
Liabilities:										
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,220
Due to other funds	-	-	-	-	-	-	-	-	-	27,466
Due to other governments	-	-	-	-	-	-	-	-	-	161,700
Deferred revenue	-	-	-	-	-	-	-	-	-	116,521
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,907</u>
Fund Balances:										
Nonspendable	18	138,267	38,410	-	-	14,061	-	-	156,014	584,848
Restricted	-	50	19	630	445	-	7,784	7,851	-	228,151
Committed	-	-	-	-	-	-	-	-	-	948,908
Unassigned	-	-	-	-	-	-	-	-	-	(15,645)
Total Fund Balances	<u>18</u>	<u>138,317</u>	<u>38,429</u>	<u>630</u>	<u>445</u>	<u>14,061</u>	<u>7,784</u>	<u>7,851</u>	<u>156,014</u>	<u>1,746,262</u>
Total Liabilities and Fund Balances	<u>\$ 18</u>	<u>\$ 138,317</u>	<u>\$ 38,429</u>	<u>\$ 630</u>	<u>\$ 445</u>	<u>\$ 14,061</u>	<u>\$ 7,784</u>	<u>\$ 7,851</u>	<u>\$ 156,014</u>	<u>\$ 2,092,169</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, 2014

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	\$ -	\$ 364,226	\$ 1,549,088	\$ -	\$ -	\$ 60,737	\$ -	\$ 258,433	\$ -	\$ -
Interest and dividends	-	-	-	-	-	-	1	-	2	-
Charges for services	-	96,112	-	-	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	-	8,304	-	-	-	-	-
Other revenue	-	1,763	-	-	-	-	-	-	-	3,125
Total Revenues	<u>-</u>	<u>462,101</u>	<u>1,549,088</u>	<u>-</u>	<u>8,304</u>	<u>60,737</u>	<u>1</u>	<u>258,433</u>	<u>2</u>	<u>3,125</u>
Expenditures										
General government	-	-	-	-	-	15,963	-	-	-	-
Public safety	-	-	-	-	52,283	-	-	-	-	108,110
Health	-	-	-	-	-	-	-	260,518	-	-
Education	-	471,097	1,559,661	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>471,097</u>	<u>1,559,661</u>	<u>-</u>	<u>52,283</u>	<u>15,963</u>	<u>-</u>	<u>260,518</u>	<u>-</u>	<u>108,110</u>
Excess/(Deficiency) of Revenues Over Expenditures	-	(8,996)	(10,573)	-	(43,979)	44,774	1	(2,085)	2	(104,985)
Other Financing Sources/(Uses)										
Transfers in	-	-	-	-	37,000	-	-	-	-	104,985
Transfers out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,985</u>
Net change in fund balances	-	(8,996)	(10,573)	-	(6,979)	44,774	1	(2,085)	2	-
Fund Balances at Beginning of Year	186,984	120,051	-	188	1,954	112,211	862	31,085	1,483	-
Fund Balances at End of Year	<u>\$ 186,984</u>	<u>\$ 111,055</u>	<u>\$ (10,573)</u>	<u>\$ 188</u>	<u>\$ (5,025)</u>	<u>\$ 156,985</u>	<u>\$ 863</u>	<u>\$ 29,000</u>	<u>\$ 1,485</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, 2014

	SPECIAL REVENUE FUNDS								CAPITAL PROJECTS FUND	
	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	Grants & Donations Fund	Unexpended Education Funds Account	Capital Improvements Fund
Revenues										
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 34,582	\$ -	\$ -	\$ 4,213	\$ -	\$ 647,912
Interest and dividends	1	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	-	-	-	-	-	-	-
Other revenue	-	3,369	169	-	-	-	132	102,412	-	2,898
Total Revenues	<u>1</u>	<u>3,369</u>	<u>169</u>	<u>-</u>	<u>34,582</u>	<u>-</u>	<u>132</u>	<u>106,625</u>	<u>-</u>	<u>650,810</u>
Expenditures										
General government	-	-	-	-	35,366	-	-	44,519	-	-
Public safety	-	-	1,700	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	778,729
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,700</u>	<u>-</u>	<u>35,366</u>	<u>-</u>	<u>-</u>	<u>44,519</u>	<u>-</u>	<u>778,729</u>
Excess/(Deficiency) of Revenues Over Expenditures	1	3,369	(1,531)	-	(784)	-	132	62,106	-	(127,919)
Other Financing Sources/(Uses)										
Transfers in	-	-	-	-	-	-	-	199,581	-	494,748
Transfers out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,581</u>	<u>-</u>	<u>494,748</u>
Net change in fund balances	1	3,369	(1,531)	-	(784)	-	132	62,106	199,581	366,829
Fund Balances at Beginning of Year	<u>672</u>	<u>106,001</u>	<u>1,923</u>	<u>870</u>	<u>6,307</u>	<u>249</u>	<u>(179)</u>	<u>-</u>	<u>-</u>	<u>84,414</u>
Fund Balances at End of Year	<u>\$ 673</u>	<u>\$ 109,370</u>	<u>\$ 392</u>	<u>\$ 870</u>	<u>\$ 5,523</u>	<u>\$ 249</u>	<u>\$ (47)</u>	<u>\$ 62,106</u>	<u>\$ 199,581</u>	<u>\$ 451,243</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, 2014

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,919,191
Interest and dividends	44	-	25	10	1	-	-	-	-	-	84
Charges for services	-	-	-	-	-	-	-	-	-	-	96,112
Licenses, fees and permits	-	-	-	-	-	-	-	-	-	-	8,304
Other revenue	3,369	-	-	-	-	-	-	-	-	-	117,237
Total Revenues	3,413	-	25	10	1	-	-	-	-	-	3,140,928
Expenditures											
General government	-	-	-	-	-	-	-	-	-	-	95,848
Public safety	-	-	-	-	-	-	-	-	-	-	162,093
Health	-	-	-	-	-	-	-	-	-	-	260,518
Education	-	-	-	-	-	-	-	-	-	-	2,030,758
Capital outlay	-	-	-	-	-	-	-	-	-	-	778,729
Total Expenditures	-	-	-	-	-	-	-	-	-	-	3,327,946
Excess/(Deficiency) of Revenues Over Expenditures	3,413	-	25	10	1	-	-	-	-	-	(187,018)
Other Financing Sources/(Uses)											
Transfers in	-	-	-	-	-	-	-	-	-	-	836,314
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-	-	836,314
Net change in fund balances	3,413	-	25	10	1	-	-	-	-	-	649,296
Fund Balances at Beginning of Year	78,378	18	138,292	38,419	629	445	14,061	7,784	7,851	156,014	1,096,966
Fund Balances at End of Year	<u>\$ 81,791</u>	<u>\$ 18</u>	<u>\$ 138,317</u>	<u>\$ 38,429</u>	<u>\$ 630</u>	<u>\$ 445</u>	<u>\$ 14,061</u>	<u>\$ 7,784</u>	<u>\$ 7,851</u>	<u>\$ 156,014</u>	<u>\$ 1,746,262</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, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Student Activities</u>				
Assets:				
Cash and cash equivalents	\$ 11,803	\$ 13,671	\$ 16,544	\$ 8,930
Total Assets	<u>11,803</u>	<u>13,671</u>	<u>16,544</u>	<u>8,930</u>
Liabilities:				
Fiduciary Deposits	<u>11,803</u>	<u>13,671</u>	<u>16,544</u>	<u>8,930</u>
Total Liabilities	<u>\$ 11,803</u>	<u>\$ 13,671</u>	<u>\$ 16,544</u>	<u>\$ 8,930</u>

<u>Town Hall Employees</u>				
Assets:				
Cash and cash equivalents	\$ 290	\$ -	\$ -	\$ 290
Total Assets	<u>290</u>	<u>-</u>	<u>-</u>	<u>290</u>
Liabilities:				
Fiduciary Deposits	<u>290</u>	<u>-</u>	<u>-</u>	<u>290</u>
Total Liabilities	<u>\$ 290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290</u>

<u>Employee Union</u>				
Assets:				
Cash and cash equivalents	\$ 27,771	\$ -	\$ -	\$ 27,771
Total Assets	<u>27,771</u>	<u>-</u>	<u>-</u>	<u>27,771</u>
Liabilities:				
Fiduciary Deposits	<u>27,771</u>	<u>-</u>	<u>-</u>	<u>27,771</u>
Total Liabilities	<u>\$ 27,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,771</u>

<u>Other</u>				
Assets:				
Cash and cash equivalents	\$ 20,597	\$ 2,200	\$ 7,545	\$ 15,252
Total Assets	<u>20,597</u>	<u>2,200</u>	<u>7,545</u>	<u>15,252</u>
Liabilities:				
Fiduciary Deposits	<u>20,597</u>	<u>2,200</u>	<u>7,545</u>	<u>15,252</u>
Total Liabilities	<u>\$ 20,597</u>	<u>\$ 2,200</u>	<u>\$ 7,545</u>	<u>\$ 15,252</u>

<u>Total Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 60,461	\$ 15,871	\$ 24,089	\$ 52,243
Total Assets	<u>60,461</u>	<u>15,871</u>	<u>24,089</u>	<u>52,243</u>
Liabilities				
Fiduciary Deposits	<u>60,461</u>	<u>15,871</u>	<u>24,089</u>	<u>52,243</u>
Total Liabilities	<u>\$ 60,461</u>	<u>\$ 15,871</u>	<u>\$ 24,089</u>	<u>\$ 52,243</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, 2014

	Outstanding July 1, 2013	Current Levy	Lawful Corrections		Transfers to Suspense	Collectible Taxes	Receipt of Taxes	Receipt of Interest and Liens	Total Receipts	Outstanding June 30, 2014
			Additions	Deductions						
List of 10/1:										
2012		\$ 23,715,401	\$ 17,539	\$ 98,072	\$ -	\$ 23,634,868	\$ 23,020,269	\$ 133,632	\$ 23,153,901	\$ 614,599
2011	\$ 497,032	-	7,666	4,980	(49,723)	449,995	327,299	69,160	396,459	122,696
2010	124,098	-	7,376	79	(156)	131,239	62,599	21,565	84,164	68,640
2009	49,167	-	7,207	-	-	56,374	34,204	18,437	52,641	22,170
2008	15,052	-	5,089	-	-	20,141	13,604	5,652	19,256	6,537
2007	3,967	-	5,089	-	-	9,056	5,478	384	5,862	3,578
2006	5,514	-	1,874	-	-	7,388	2,000	613	2,613	5,388
2005	2,312	-	1,816	-	-	4,128	1,816	-	1,816	2,312
2004	2,262	-	-	-	-	2,262	-	-	-	2,262
2003	946	-	-	-	-	946	-	-	-	946
2002	953	-	-	-	-	953	-	-	-	953
2001	851	-	-	-	-	851	-	-	-	851
2000	384	-	-	-	-	384	-	-	-	384
1999	355	-	-	-	-	355	-	-	-	355
1998	599	-	-	-	-	599	-	-	-	599
	\$ 703,492	\$ 23,715,401	\$ 53,656	\$ 103,131	\$ (49,879)	\$ 24,319,539	23,467,269	249,443	23,716,712	\$ 852,270

Net Grand List- October 1, 2012

Tax Rate: 31.20 mills

Total Suspense Collections	21,812	18,494	40,306
Total Collections	\$ 23,489,081	\$ 267,937	\$ 23,757,018

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Water and Sewer Rents Levied, Collected, and Outstanding
For the Year Ended June 30, 2014

Water Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2013	Lawful Corrections	Adjusted Levy and Uncollected Balance	Collections			Water Rents Receivable June 30, 2014
				Rents	Interest and Liens	Total	
2012	\$ 1,896,074	\$ (39,094)	\$ 1,856,980	\$ 1,713,008	\$ 22,515	\$ 1,735,523	\$ 143,972
2011	94,396	6,954	101,350	87,738	20,371	108,109	13,612
2010	13,466	226	13,692	10,834	4,496	15,330	2,858
2009	4,965	65	5,030	3,345	1,660	5,005	1,685
2008	2,759	-	2,759	1,245	834	2,079	1,514
2007	1,087	9	1,096	476	124	600	620
1999	(108)	739	631	-	-	-	631
1998	73	1,244	1,317	-	-	-	1,317
	<u>\$ 2,012,712</u>	<u>\$ (29,857)</u>	<u>\$ 1,982,855</u>	<u>\$ 1,816,646</u>	<u>\$ 50,000</u>	<u>\$ 1,866,646</u>	<u>\$ 166,209</u>

Sewer Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2013	Lawful Corrections	Adjusted Levy and Uncollected Balance	Collections			Water Rents Receivable June 30, 2014
				Rents	Interest and Liens	Total	
2012	\$ 1,555,885	\$ (51,185)	\$ 1,504,700	\$ 1,400,953	\$ 18,332	\$ 1,419,285	\$ 103,747
2011	60,556	7,030	67,586	57,791	15,780	73,571	9,795
2010	9,746	6	9,752	6,833	3,109	9,942	2,919
2009	3,309	237	3,546	1,845	1,280	3,125	1,701
2008	1,845	145	1,990	696	539	1,235	1,294
2007	86	-	86	-	-	-	86
1998	-	38	38	-	-	-	38
	<u>\$ 1,631,427</u>	<u>\$ (43,729)</u>	<u>\$ 1,587,698</u>	<u>\$ 1,468,118</u>	<u>\$ 39,040</u>	<u>\$ 1,507,158</u>	<u>\$ 119,580</u>

See accountant's report.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 38,706,670
Restricted	423,589	429,610	432,864	503,576	504,466	522,003	524,258	2,523,523	2,694,119	2,338,704
Unrestricted	5,142,363	1,135,393	4,630,810	1,328,438	1,349,394	(1,027,616)	(2,747,154)	(5,462,501)	(6,442,404)	(5,878,735)
Total Governmental Activities Net Position	\$ 29,072,277	\$ 27,874,937	\$ 42,659,948	\$ 42,587,829	\$ 39,470,529	\$ 37,070,341	\$ 35,714,600	\$ 35,016,532	\$ 34,551,399	\$ 35,166,639
Business-type Activities:										
Net Investment in Capital Assets	\$ 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	\$ 31,687,119
Unrestricted	1,419,937	884,603	882,617	509,720	(207,422)	(869,187)	(1,193,895)	(1,292,067)	(924,692)	330,581
Total Business-type Activities Net Position	\$ 27,537,424	\$ 28,515,470	\$ 32,489,064	\$ 31,990,929	\$ 33,866,150	\$ 32,430,184	\$ 31,675,806	\$ 31,216,534	\$ 31,258,242	\$ 32,017,700
Primary Government										
Net Investment in Capital Assets	\$ 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	\$ 70,393,789
Restricted	423,589	429,610	432,864	503,576	504,466	522,003	524,258	2,523,523	2,694,119	2,338,704
Unrestricted	6,562,300	2,019,996	5,513,427	1,838,158	1,141,972	(1,896,803)	(3,941,049)	(6,754,568)	(7,367,096)	(5,548,154)
Total Primary Government Net Position	\$ 56,609,701	\$ 56,390,407	\$ 75,149,012	\$ 74,578,758	\$ 73,336,679	\$ 69,500,525	\$ 67,390,406	\$ 66,233,066	\$ 65,809,641	\$ 67,184,339

TOWN OF WINCHESTER, CONNECTICUT

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

Table 2

Page 1 of 2

Expenses	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Education	\$ 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	\$ 24,007,954
Public safety	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	3,558,537
Public works	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	3,067,995
General government	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	3,184,962
Welfare	28,224	26,443	-	-	-	-	-	-	-	-
Health	218,918	275,401	284,419	269,570	313,813	287,221	289,932	365,698	332,349	575,514
Parks and recreation	270,071	265,436	315,423	280,558	268,004	263,574	244,723	512,726	199,271	210,019
Library	205,882	209,543	191,025	196,756	197,941	161,795	194,141	194,141	176,474	176,474
Waste disposal and recycling	407,666	482,881	327,548	355,293	363,464	360,824	335,869	405,320	204,965	222,812
Interest on long-term debt	227,614	183,875	150,320	254,313	305,566	301,724	283,729	270,484	202,821	222,581
Total Governmental Activities Expenses	30,033,889	32,570,525	32,733,449	38,172,788	37,041,637	36,505,759	35,666,633	34,194,919	33,914,751	35,226,848
Business-Type Activities										
Water	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	1,522,972
Sewer	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	1,695,555
Total Business-Type Activities Expenses	3,113,268	3,264,492	3,518,817	3,817,342	3,561,180	4,286,097	3,643,975	3,574,820	3,330,938	3,218,527
Total Primary Government Expenses	\$ 33,147,157	\$ 35,835,017	\$ 36,252,266	\$ 41,990,130	\$ 40,602,817	\$ 40,791,856	\$ 39,310,608	\$ 37,769,739	\$ 37,245,689	\$ 38,445,375
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	\$ 102,112
Public safety	-	342,192	331,138	272,387	247,535	230,263	158,752	44,460	68,454	84,557
Public works	-	239,353	146,010	18,895	16,694	16,928	74,551	-	-	381,676
Health	-	-	-	-	-	-	-	21,680	40,105	77,678
General government	311,660	233,135	234,063	214,367	160,542	90,180	484,494	349,799	256,293	286,497
Parks and Recreation	21,000	-	-	55,578	7,726	52,606	28,493	10,500	10,500	10,500
Operating Grants and Contributions	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	13,084,479
Capital Grants and Contributions	733,878	378,290	1,330,607	1,430,470	753,033	778,542	932,659	364,085	483,407	650,810
Total Governmental Activities	9,861,715	11,173,239	12,447,581	16,227,168	13,445,702	13,502,311	13,224,986	13,195,813	12,946,212	14,678,309
Business-type Activities:										
Water:										
Charges for Services	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	1,937,052
Capital Grants and Contributions	-	1,123,379	100,727	-	94,396	-	-	-	-	-
Sewer:										
Charges for Services	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	1,662,134
Capital Grants and Contributions	-	-	-	266,251	2,234	-	2,685	2,714	-	1,317
Total Business-type Activities	3,148,927	4,015,867	2,876,316	3,090,082	2,776,538	2,631,723	2,687,681	2,950,104	3,134,338	3,600,503
Total Primary Government Program Revenues	\$ 13,010,642	\$ 15,189,106	\$ 15,323,897	\$ 19,317,250	\$ 16,222,240	\$ 16,134,034	\$ 15,912,667	\$ 16,145,917	\$ 16,080,550	\$ 18,278,812

(continued)

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

Table 2

Page 2 of 2

	<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>	<u>2014</u>
Net Revenues (Expenses):										
Governmental Activities	\$ (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)	\$ (20,548,539)
Business-type Activities	<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>	<u>381,976</u>
Total Primary Government Net Expense	<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>	<u>\$ (20,166,563)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 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	\$ 23,977,690
Grants and Contributions Not Restricted to Specific Programs	1,030,388	773,402	847,448	860,523	1,008,005	656,303	622,394	-	-	322,157
Unrestricted Investment Earnings	74,540	333,180	396,785	116,768	10,581	18,379	44,360	3,451	268	84
Miscellaneous	867,740	364,529	213,563	556,727	348,863	303,654	449,522	84,106	105,287	1,239,163
Transfers	<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>	<u>(110,480)</u>
Total Governmental Activities	<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>	<u>25,428,614</u>
Business-type Activities:										
Unrestricted Investment Earnings	8,504	555	13,447	5,578	154	-	-	-	-	-
Transfers	<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>	<u>110,480</u>
Total Business-type Activities	<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>	<u>110,480</u>
Total Primary Government	<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>	<u>\$ 25,539,094</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>	<u>\$ -</u>					
Total Primary Government	<u>\$ -</u>	<u>\$ 537,071</u>	<u>\$ 449,803</u>	<u>\$ 84,322</u>	<u>\$ -</u>					
Change in Net Position										
Governmental Activities	\$ (804,182)	\$ (1,197,340)	\$ 369,734	\$ (72,119)	\$ (2,276,286)	\$ (2,149,083)	\$ (1,204,980)	\$ (698,068)	\$ (465,133)	\$ 4,880,075
Business-type Activities	<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>	<u>492,456</u>
Total Primary Government	<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>	<u>\$ 5,372,531</u>

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

Table 3

	<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>	<u>2014</u>
General Fund:										
Reserved	\$ 278,101	\$ 86,833	\$ 298,934	\$ 85,163	\$ 125,094	\$ 50,556	\$ -	\$ -	\$ -	\$ -
Unreserved	<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>	<u>3,526,109</u>
Total General Fund	<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>	<u>\$ 3,526,109</u>
All Other Governmental Funds										
Reserved	\$ 423,589	\$ 429,610	\$ 432,864	\$ 503,576	\$ 692,921	\$ 588,576	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	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>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	2,098,898
Restricted							237,487	238,638	180,102	241,494
Committed							308,806	376,093	391,493	948,908
Assigned							-	-	-	-
Unassigned							<u>1,545,024</u>	<u>(624,456)</u>	<u>(711,709)</u>	<u>(716,106)</u>
Total All Other Governmental Funds	<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>	<u>\$ 2,573,194</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>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>	<u>2014</u>
Revenues										
Property Taxes, Interest and Lien Fees	\$ 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	\$ 23,758,932
Intergovernmental Revenue	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	13,940,209
Other local revenues	<u>1,521,060</u>	<u>1,758,185</u>	<u>1,524,274</u>	<u>1,589,592</u>	<u>1,016,074</u>	<u>1,058,662</u>	<u>1,419,863</u>	<u>873,307</u>	<u>808,282</u>	<u>2,418,090</u>
Total Revenues	<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>	<u>40,117,231</u>
Expenditures										
Current:										
Education	\$ 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	\$ 23,846,496
Program and Project Expenses	271,113	383,711	234,527	389,932	780,930	589,488	302,286	161,960	155,109	810,473
Public Safety	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	3,392,423
Public Works	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	1,725,019
Miscellaneous	525,500	566,482	366,864	496,431	660,180	327,692	583,544	555,000	514,425	402,436
General Government	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	2,870,365
Welfare	25,792	-	-	-	-	-	-	-	-	-
Health	201,516	249,080	280,759	269,570	313,813	287,221	289,932	297,473	295,203	565,181
Parks and Recreation	204,951	240,303	244,475	236,411	208,524	224,152	206,805	219,716	176,353	186,958
Library	189,516	189,516	191,025	196,756	197,941	161,795	194,141	194,141	176,474	176,474
Waste Disposal and Recycling	375,260	436,730	327,548	355,293	363,464	360,824	335,869	405,320	204,965	222,812
Debt Service:										
Principal	375,000	375,000	375,000	350,000	330,000	425,000	425,000	508,000	508,000	526,582
Interest & Issuance Costs	220,390	187,145	153,591	257,365	213,230	308,131	290,134	270,484	202,821	222,622
Capital Outlay	<u>1,281,022</u>	<u>3,140,511</u>	<u>4,355,994</u>	<u>3,543,774</u>	<u>620,756</u>	<u>1,168,114</u>	<u>1,320,985</u>	<u>1,516,798</u>	<u>761,668</u>	<u>952,001</u>
Total Expenditures	<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>	<u>35,899,842</u>
Excess (Deficiency) of Revenues Over Expenditures	204,502	(1,823,784)	(2,094,906)	(2,658,636)	(410,464)	(484,845)	(266,075)	(449,742)	580,940	4,217,389
Other Financing Sources (Uses)										
Issuance of Bonds & GANS	-	-	-	-	6,316,000	-	-	-	-	2,000,000
Issuance of Capital Lease	-	904,986	26,973	230,996	33,337	41,120	415,000	-	-	-
Repayment of GANS	-	-	-	-	-	-	-	-	-	(2,000,000)
Transfers In	149,746	167,578	336,030	184,390	59,530	161,836	-	305,556	310,602	877,354
Transfers Out	<u>(383,571)</u>	<u>(393,694)</u>	<u>(554,438)</u>	<u>(407,937)</u>	<u>(275,368)</u>	<u>(380,244)</u>	<u>(215,838)</u>	<u>(518,825)</u>	<u>(562,525)</u>	<u>(987,834)</u>
Total Other Financing Sources (Uses)	<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>	<u>(110,480)</u>
Loss on Assets	-	-	-	-	-	-	484,079	401,977	70,707	-
Net Change in Fund Balances	(29,323)	(1,144,914)	(2,286,341)	(2,651,187)	5,723,035	(662,133)	(550,992)	(1,064,988)	258,310	4,106,909
Fund Balance at Beginning of Year	<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>	<u>1,992,394</u>
Fund Balance at End of Year	<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>	<u>\$ 6,099,303</u>
Debt Service as a Percentage to Noncapital Expenditures	2.09%	1.83%	1.68%	1.61%	1.54%	2.15%	2.10%	2.36%	2.17%	2.14%

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

Note: A \$658,758 prior period adjustment was recorded and the 2014 beginning fund balance was restated for the implementation of GASB 67.

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					
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%
2014	493,174	99,231	65,434	30,542	73,726	688,381	31.20	983,401	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

	<u>2014</u>				<u>2005</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Gross Taxable Assessed Grand List</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Gross Taxable Assessed Grand List</u>
Connecticut Light and Power Co.	\$ 12,024,101	1	1.75%	Howmet Turbine	8,091,930	1	1.41%
Winrock LLC	9,477,370	2	1.38%	Connecticut Light and Power Co	6,102,830	2	1.07%
Howmet Casting and Services	8,321,543	3	1.21%	Ledgebrook LLC Trustee	5,796,140	3	1.01%
Yankee Gas	5,810,596	4	0.84%	Yankee Gas	3,939,770	4	0.69%
Litchfield Gardens Association	3,310,020	5	0.48%	Barden Corporation *	3,163,830	5	0.55%
BNB Manufacturing	3,015,731	6	0.44%	Litchfield Gardens Apts LLC	2,611,770	6	0.46%
Litchfield Heights Apartments	1,921,850	7	0.28%	Homer D Bronson Co	2,439,580	7	0.43%
SKF USA Inc	1,823,546	8	0.26%	Electric Motion Company Inc.	1,971,070	8	0.34%
Adam L & Deannie K Reeder	1,773,980	9	0.26%	Litchfield Heights Apts LLC	1,922,410	9	0.34%
Barden Corporation *	1,766,205	10	0.26%	Nationwide Health Properties Inc.	1,730,750	10	0.30%
	<u>\$ 49,244,942</u>		<u>7.15%</u>		<u>\$ 37,770,080</u>		<u>6.60%</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%	429,389	19,445,857	99.61%
2008	20,275,676	19,734,037	97.33%	385,395	20,119,432	99.23%
2009	20,193,362	19,716,097	97.64%	328,101	20,044,198	99.26%
2010	20,100,013	19,592,274	97.47%	411,016	20,003,290	99.52%
2011	20,613,265	20,198,358	97.99%	386,024	20,584,382	99.86%
2012	20,735,196	20,224,636	97.54%	348,148	20,572,784	99.22%
2013	20,882,442	20,315,733	97.29%	327,299	20,643,032	98.85%
2014	23,715,401	23,020,269	97.07%	-	23,020,269	97.07%

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		Capital Leases		General					
	Obligation Bonds	Notes	Leases	Notes	Obligation Bonds	Notes				
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
2014	4,196,000	166,000	43,047	-	2,949,236	-	\$ 7,354,283	2.26%	0.75%	\$ 657

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, 2014

Table 9

Total Tax Collection, Including Interest and Lien Fees for Current Fiscal Year	\$ 23,757,018
Reimbursement for Revenue Loss on: Tax Relief for Elderly and Disabled	<u>64,283</u>
	<u>\$ 23,821,301</u>

Base

	<u>General Long-Term Debt</u>			
	<u>General Purposes</u>	<u>Schools</u>	<u>Urban Renewal</u>	<u>Enterprise</u>
	(2.25 x base)	(4.50 x base)	(3.25 x base)	(3.75 x base)
Debt Limitation:				
Statutory Debt Limits by Function	<u>\$ 53,597,927</u>	<u>\$ 107,195,855</u>	<u>\$ 77,419,228</u>	<u>\$ 89,329,879</u>
Indebtedness:				
Bonds Payable	4,196,000	-	-	2,520,000
Clean Water Fund Loans	-	-	-	429,236
Total Indebtedness	<u>4,196,000</u>	<u>-</u>	<u>-</u>	<u>2,949,236</u>
Debt Limitation in Excess of Debt*	<u>\$ 49,401,927</u>	<u>\$ 107,195,855</u>	<u>\$ 77,419,228</u>	<u>\$ 86,380,643</u>

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$166,749,107

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

Table 10

	<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>	<u>2014</u>
Debt limitation	\$ 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	\$ 166,749,107
Total net debt applicable to limit	<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>	<u>\$ 7,145,236</u>
Legal debt margin	<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>	<u>\$ 159,603,871</u>
Total net debt applicable to the limit as a percentage of debt limit	8.91%	10.74%	12.23%	10.98%	9.40%	8.19%	7.41%	6.38%	5.54%	4.29%

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 2014 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)
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
2014	11,189	324,973	29,044	44	12+	637	6.0

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. Enrollment prior to 2012 includes grades K-8, subsequent to 2012 is grades K-6.

(2) State of Connecticut, Department of Labor

TOWN OF WINCHESTER, CONNECTICUT

Principal Employers
Current Year and Nine
Years Ago

Table 12

Employer	2014			2005		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Town Employment
Town of Winchester	201	1	3.46%	268	1	4.70%
Howmet Corporation	185	2	3.18%	185	2	3.25%
Electric Motion	127	3	2.19%	140	3	2.46%
NW CT Community College	100	4	1.72%	100	4	1.75%
Foothills Visiting Nurse/Home Care	65	5	1.12%	65	7	1.14%
ICS	55	6	0.95%	55	8	0.96%
Barden Corporation	50	7	0.86%			
Sterling Sintered Technologies	49	8	0.84%	55	9	0.96%
Northwest Community Bank	46	9	0.79%	85	5	1.49%
DRT Power Systems	40	10	0.69%			
Superior Energy				40	10	0.70%
Homer D Bronson Co				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>2014</u>	<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>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	4.0	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
Building	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other	9.0	8.0	9.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0
<u>Public Safety</u>										
Officers	16.0	17.0	18.0	20.0	21.0	23.0	23.0	23.0	23.0	23.0
Civilians	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<u>Public Works</u>										
	9.0	9.0	12.0	13.0	15.0	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
<u>Water and Sewer Authority</u>										
	10.0	10.0	9.0	7.0	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	73.0	67.0	62.0	67.0	99.0	99.0	99.0	99.0	99.0	101.0
Noncertified	70.0	71.0	82.0	71.0	93.0	93.0	93.0	93.0	93.0	89.0
Total	<u>201.0</u>	<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>

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

Page 1 of 2

	FISCAL YEAR									
	<u>2014</u>	<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>
General Government										
Workers Compensation										
Claims Processed	24	31	35	39	46	47	45	48	47	41
General Liability										
Claims Processed	27	17	9	27	34	32	31	32	40	35
Marriage Licenses Recorded	109	99	88	100	78	79	80	101	60	58
Birth Certificates Recorded	105	83	115	100	101	121	120	119	79	100
Death Certificates Recorded	125	125	130	128	122	110	108	109	145	142
Boards and Agencies										
Registered Voters	6,916	6,815	6,815	6,825	6,732	6,718	6,720	6,716	6,826	6,893
Elections and Referendums	4	7	3	2	2	3	5	7	4	4
Planning and Development										
Building Permits Issued	585	639	705	704	733	768	852	848	916	977
Rental Certificate of Occupancy Issued	28	66	90	239	142	140	138	70	163	128
Value of Building Permits	6,728,828	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
Public Safety										
Arrests	394	487	556	935	972	975	875	925	595	461
Parking Violations	96	872	1,197	1,200	1,289	1,400	1,689	1,773	1,602	1,704
Traffic Accidents	408	393	400	390	410	425	450	477	424	469
Traffic Stops	1,149	1,438	2,162	2,289	2,390	2,488	2,548	2,612	2,457	2,419
Police Calls	9,310	10,436	11,581	12,790	12,978	12,365	11,956	12,186	11,533	10,192
Animal Control Calls	204	307	409	550	499	504	480	545	275	313
Fire Dispatched	188	269	489	648	298	300	290	300	283	271
Ambulance Requests	1,245	1,357	1,737	1,569	1,532	1,468	1,466	1,375	559	940
Public Works										
Miles of Roads Maintained	81	81	81	81	81	81	81	81	81	81
Parks and Recreation										
Community Event Participants	325	1,538	1,750	1,250	3,278	3,670	3,670	3,800	3,750	3,380
Recreation Program Participants	1,550	1,468	1,520	1,595	2,198	2,100	2,100	2,000	2,100	2,263
Annual Participants	875	3,006	3,270	2,845	5,476	5,770	5,770	5,800	5,850	5,643

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

	FISCAL YEAR									
	<u>2014</u>	<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>
Public Libraries										
Volumes in Collection	43,058	46,884	48,982	59,745	77,466	77,466	77,466	77,840	77,612	86,766
Collection Size	47,258	52,098	44,291	53,979	61,045	61,045	610,454	60,044	59,804	59,078
Senior Citizens										
Meals on Wheels										
Provided - Anually	35,793	37,802	37,802	37,600	36,750	36,000	36,000	36,000	36,000	35,875
Meals at Senior Center										
Provided - Anually	8,171	7,172	7,172	7,000	9,800	10,000	10,000	10,000	10,000	9,800
Van Rides Provided to										
Seniors - Anually	4,482	6,504	6,504	6,000	11,000	11,000	11,000	11,000	11,000	10,600
Senior Mini-Bus Trips -										
number of senior anually	143	793	793	850	1,000	1,000	1,000	1,000	1,000	990
Education										
Workers Compensations										
Claims Processed	25	22	17	13	14	13	13	13	14	25
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	1	2	2	2
Water										
New Connections	-	1	-	4	9	10	17	17	10	11
Water Main Breaks	1	3	4	7	5	6	3	3	5	6
Average Daily Consumption (million of gallons)	0.93	0.85	0.85	0.98	0.95	0.90	0.88	0.93	0.97	0.93
Peak Daily Consumption (million of gallons)	1.32	1.17	1.22	1.29	1.12	1.10	1.16	1.12	1.21	1.21
Sewer										
Average Daily Sewage Treatment (mil. of gallons)	1.49	1.43	1.64	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>2014</u>	<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>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	12	6	9	11	11	11	11	10	9
Fire Vehicles	9	9	8	8	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	54	52	52
<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	350	346	347
Storage Capacity (millions of gallons)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<u>Sewer</u>										
Sanitary Sewers (miles)	40	40	40	40	40	40	40	40	40	40
Treatment Capacity (millions of gallons)	3	3	3	3	3	3	3	3	3	3

Sources: Various Town Departments