

TOWN OF SOUTH WINDSOR, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2011

TOWN OF SOUTH WINDSOR, CONNECTICUT

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Independent Auditors' Report

To the Town Council
Town of South Windsor
South Windsor, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of South Windsor, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town of South Windsor, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of South Windsor, Connecticut, as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011 on our consideration of the Town of South Windsor, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 8, and the budgetary comparison information on pages 45 through 51, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of South Windsor, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Blum, Shapiro & Company, P.C.

December 21, 2011

**TOWN OF SOUTH WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

This discussion and analysis of the Town of South Windsor, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

Financial Highlights

- Net assets of our governmental activities increased by \$4,855,488, or nearly 3.6%.
- During the year, the Town had expenses that were \$4,855,488 less than the \$114,057,892 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$109,202,404, with no new programs added this year.
- The General Fund reported a fund balance this year of \$6,377,124.
- For the General Fund, expenditures were kept within spending limits.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. The Town's net assets, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net assets and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, public works, sanitation, culture and recreation, debt service and general administration. Property taxes, charges for services and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (such as the

Sewer Operating Fund) or to show that it is meeting legal responsibilities for using grants and other money (such as grants received for education from the State and Federal governments). The Town's funds are divided into two categories: governmental and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. The Town's proprietary fund consists of the Town's internal service fund and is used to report the Town's self insurance program.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans and other post employment benefit plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's government-wide activities net assets changed from a year ago, increasing from \$132,146,918 to \$137,002,406. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

**TABLE 1
NET ASSETS**

	Governmental Activities	
	2011	2010
Current assets	\$ 28,623,108	\$ 22,500,964
Capital assets, net of accumulated depreciation	186,274,826	168,423,860
Total assets	<u>214,897,934</u>	<u>190,924,824</u>
Long-term liabilities outstanding	47,695,993	41,437,404
Other liabilities	30,199,535	17,340,502
Total liabilities	<u>77,895,528</u>	<u>58,777,906</u>
Net Assets:		
Invested in capital assets, net of related debt	133,875,251	127,661,949
Unrestricted	<u>3,127,155</u>	<u>4,484,969</u>
Total Net Assets	<u>\$ 137,002,406</u>	<u>\$ 132,146,918</u>

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased by \$1,357,814 at June 30, 2011.

**TABLE 2
CHANGE IN NET ASSETS**

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for services	\$ 8,647,634	\$ 9,453,645
Operating grants and contributions	21,764,066	20,938,784
Capital grants and contributions	4,579,910	4,781,738
General revenues:		
Property taxes	77,579,585	76,241,912
Grants and contributions not restricted to specific purposes	1,342,114	1,501,594
Unrestricted investment earnings	135,226	133,579
Other general revenues	9,357	250,300
Total revenues	<u>114,057,892</u>	<u>113,301,552</u>
Expenses:		
General government	4,860,046	5,130,630
Public safety	9,483,051	11,024,674
Public works	13,030,693	13,513,891
Human services	1,683,719	1,267,152
Culture and recreation	6,253,473	4,790,717
Education	72,800,171	71,090,473
Debt service	1,091,251	1,430,633
Total expenses	<u>109,202,404</u>	<u>108,248,170</u>
Increase in Net Assets	<u>\$ 4,855,488</u>	<u>\$ 5,053,382</u>

The Town's total revenues were \$114,057,892. The total cost of all programs and services was \$109,202,404. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

The Town's net assets increased by \$4,855,488 during the current fiscal year. Key elements of this increase are as follows:

- An increase in revenue from operating grants and contributions due to the Town's receipt of funds from the Federal Emergency Management Agency and U.S. Department of Justice.
- Decreases in general government, public safety and public works expenditures due to a spending freeze instituted by the Town Council on February 17, 2011.

Table 3 presents the cost of each of the Town's programs - general government, public safety, public works, human services, culture and recreation, education and debt service - 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.

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General government	\$ 4,860,046	\$ 5,130,630	\$ 172,000	\$ 753,108
Public safety	9,483,051	11,024,674	(9,298,262)	(10,859,833)
Public works	13,030,693	13,513,891	(9,102,047)	(9,345,626)
Human services	1,683,719	1,267,152	(1,569,169)	(1,120,552)
Culture and recreation	6,253,473	4,790,717	(4,518,770)	(3,346,051)
Education	72,800,171	71,090,473	(48,848,853)	(47,823,100)
Debt service	1,091,251	1,430,633	(1,045,693)	(1,331,949)
Total	\$ <u>109,202,404</u>	\$ <u>108,248,170</u>	\$ <u>(74,210,794)</u>	\$ <u>(73,074,003)</u>

Town Funds Financial Analysis

Governmental Funds

The Town's governmental funds (as presented in the balance sheet - Exhibit III) reported combined ending fund balances of (\$7,283,736). The Town's unassigned fund balance was (\$21,247,779), which includes a \$23,347,737 liability associated with the Town's participation in the State of Connecticut's Clean Water Loan program. Once the temporary financing for the Upgrade of the Water Pollution Control Facility under this loan program is converted to permanent financing the liability will be reduced and fund balance will be increased accordingly. The \$13,964,043 remainder of fund balance is bound by constraints imposed on these resources.

The General Fund is the operating fund of the Town. Total fund balance of the Town's General Fund increased by \$686,035 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,431,794, while total fund balance was \$6,377,124.

The Town's collection rate in fiscal year 2011 was 98.7 %, which is consistent with the collection rate over the past five fiscal years.

General Fund Budgetary Highlights

The approved town budget (including education) for fiscal year 2010/2011 was \$95,573,700. Education expenses continued to be the largest component at 65.9%, followed by public safety at 7.6%, and public works at 6.8%.

The most significant changes from the adopted budget to the final budget were as follows:

- An increase in Public Works to cover the costs associated with the winter's excessive snowfall.
- An increase in the Town Clerk's budget to reinstate a position to full-time that was reduced to part-time during the budget approval process.
- A negative variance of \$450,932 in Building Permit revenue due to the delay of the CT Studios development project, which was expected to take out a majority of its permits in the fall of 2010.

- A positive variance of \$419,452 in Public Works expenditures as a result of a spending freeze instituted on February 17, 2011 and the actual costs associated with the snowfall being substantially less than anticipated.
- A positive variance of \$286,053 in Police Protection expenditures due to a spending freeze instituted on February 17, 2011.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the Town had \$186,274,826 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$17,850,966 over last year.

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

- Facility upgrade of the Waste Water Treatment Plant funded with loans and grants from the State of Connecticut Clean Water Fund in the amount of \$15,387,114.
- Reconstruction of several Town roads funded with bond proceeds in the amount of \$2,622,036.
- Purchase of a 2011 Monarch Pumper Fire Truck funded through a lease purchase agreement, in the amount of \$684,549.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental	
	Activities	
	<u>2011</u>	<u>2010</u>
Land	\$ 17,266,366	\$ 16,515,804
Buildings	71,770,593	66,270,098
Improvements other than buildings	13,914,798	13,984,384
Furniture and equipment	6,206,428	5,527,662
Infrastructure	42,989,100	41,542,091
Construction in progress	<u>34,127,541</u>	<u>24,583,821</u>
Total	<u>\$ 186,274,826</u>	<u>\$ 168,423,860</u>

Long-Term Debt

At June 30, 2011, the Town had \$35,190,939 in bonds and notes outstanding versus \$29,147,700 last year - an increase of 20.7% - as shown in Table 5.

TABLE 5
OUTSTANDING DEBT

	Governmental	
	Activities	
	<u>2011</u>	<u>2010</u>
General Obligation Bonds and Notes	<u>\$ 35,190,939</u>	<u>\$ 29,147,700</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2011/2012 adopted budget for the General Fund is \$96,400,027, an increase of \$826,327 (0.86%). The Town's elected and appointed officials considered many factors when adopting the budget, including the following:

- Unemployment Rate - The unemployment rate was projected to remain unchanged during the 2010/2011 fiscal year. The Town's current rate is 5.9%, which compares favorably to the state's unemployment rate of 8.4% and the national rate of 8.6% (November 2011). The Town's 5.9% unemployment rate is slightly lower than its rate of 6.3% for November 2010.
- Economic Conditions - Budgeted revenues from building and fire permits were increased for the 2010/2011 fiscal year because of the many development projects expected to begin construction.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Matthew B. Galligan, Town Manager, Town of South Windsor, 1540 Sullivan Avenue, South Windsor, Connecticut 06074.

TOWN OF SOUTH WINDSOR, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2011

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 21,417,657
Investments	52,655
Receivables, net	6,829,686
Inventory	39,341
Prepaid items	4,836
Net OPEB asset	6,104
Deferred charges	272,829
Capital assets not being depreciated	51,393,907
Capital assets being depreciated, net of accumulated depreciation	134,880,919
Total assets	<u>214,897,934</u>
Liabilities:	
Accounts payable and accrued liabilities	4,097,556
Unearned revenue	698,639
Due to fiduciary funds	3,500
Notes payable	25,297,737
Unamortized bond premiums	102,103
Noncurrent liabilities:	
Due within one year	5,700,484
Due in more than one year	41,995,509
Total liabilities	<u>77,895,528</u>
Net Assets:	
Invested in capital assets, net of related debt	133,875,251
Unrestricted	<u>3,127,155</u>
Total Net Assets	<u>\$ 137,002,406</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 4,860,046	\$ 961,454	\$ 229,750	\$ 3,840,842	\$ 172,000
Public safety	9,483,051	70,640	95,575	18,574	(9,298,262)
Public works	13,030,693	3,278,559	195,936	454,151	(9,102,047)
Human services	1,683,719	50,052	64,498		(1,569,169)
Culture and recreation	6,253,473	1,422,871	64,431	247,401	(4,518,770)
Education	72,800,171	2,864,058	21,068,318	18,942	(48,848,853)
Interest on long-term debt	1,091,251		45,558		(1,045,693)
Total	<u>\$ 109,202,404</u>	<u>\$ 8,647,634</u>	<u>\$ 21,764,066</u>	<u>\$ 4,579,910</u>	<u>(74,210,794)</u>
General revenues:					
Property taxes					77,579,585
Grants and contributions not restricted to specific programs					1,342,114
Unrestricted investment earnings					135,226
Miscellaneous					9,357
Total general revenues					<u>79,066,282</u>
Change in net assets					4,855,488
Net Assets at Beginning of Year					<u>132,146,918</u>
Net Assets at End of Year					<u>\$ 137,002,406</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 14,793,440	\$	\$ 2,551,980	\$ 2,145,774	\$ 19,491,194
Investments				52,655	52,655
Receivables, net	4,737,885	1,564,189	369,661	157,951	6,829,686
Due from other funds	1,120,229	9,687,787	890,704	910,002	12,608,722
Other assets	4,836			39,341	44,177
Total Assets	<u>\$ 20,656,390</u>	<u>\$ 11,251,976</u>	<u>\$ 3,812,345</u>	<u>\$ 3,305,723</u>	<u>\$ 39,026,434</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 1,449,642	\$ 1,471,610	\$ 37,120	\$ 91,518	\$ 3,049,890
Due to other funds	8,400,285		3,006,934	1,205,003	12,612,222
Notes payable		25,297,737			25,297,737
Deferred revenue	4,429,339		369,661	551,321	5,350,321
Total liabilities	<u>14,279,266</u>	<u>26,769,347</u>	<u>3,413,715</u>	<u>1,847,842</u>	<u>46,310,170</u>
Fund balances:					
Nonspendable	4,836			39,341	44,177
Restricted		9,136,050		626,739	9,762,789
Committed			398,630	817,953	1,216,583
Assigned	2,940,494				2,940,494
Unassigned	3,431,794	(24,653,421)		(26,152)	(21,247,779)
Total fund balances	<u>6,377,124</u>	<u>(15,517,371)</u>	<u>398,630</u>	<u>1,457,881</u>	<u>(7,283,736)</u>
Total Liabilities and Fund Balances	<u>\$ 20,656,390</u>	<u>\$ 11,251,976</u>	<u>\$ 3,812,345</u>	<u>\$ 3,305,723</u>	<u>\$ 39,026,434</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets:

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

Fund balances - total governmental funds	\$ (7,283,736)
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 308,986,670	
Less accumulated depreciation	<u>(122,711,844)</u>	
Net capital assets		186,274,826

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

Property tax receivables greater than 60 days	2,267,777
Interest receivable on property taxes	1,711,926
Assessments and user fee receivable	345,088
Interest receivable on assessments and user fees	24,573
Bond issuance costs	272,829
Receivable from the state for school construction projects	302,318
Net OPEB asset	6,104

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.

1,092,713

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

Net pension obligation	(4,185,728)
Bonds and notes payable	(35,680,124)
Interest payable on bonds and notes	(213,916)
Compensated absences	(7,272,377)
Capital lease	(866,554)
Unamortized bond premium on refunding	(391,634)
Unamortized bond premium on general obligation bonds	(102,103)
Deferred charges on refunding	<u>700,424</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 137,002,406</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 77,616,815	\$	\$	\$	\$ 77,616,815
Intergovernmental	19,887,065	4,560,849		3,665,465	28,113,379
Charges for services	1,099,445	15,164	3,115,402	4,462,423	8,692,434
Investment earnings	48,914		69,321	10,298	128,533
Miscellaneous		19,061		131,044	150,105
Total revenues	<u>98,652,239</u>	<u>4,595,074</u>	<u>3,184,723</u>	<u>8,269,230</u>	<u>114,701,266</u>
Expenditures:					
Current:					
General government	3,139,276				3,139,276
Public safety	6,949,772			198,663	7,148,435
Public works	6,352,012		3,035,678	241,429	9,629,119
Human services	865,363			140,610	1,005,973
Culture and recreation	2,322,178			1,486,899	3,809,077
Insurance and sundry	5,601,532				5,601,532
Education	66,904,426			6,308,417	73,212,843
Debt service	5,114,605				5,114,605
Capital outlay		22,911,574			22,911,574
Total expenditures	<u>97,249,164</u>	<u>22,911,574</u>	<u>3,035,678</u>	<u>8,376,018</u>	<u>131,572,434</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,403,075</u>	<u>(18,316,500)</u>	<u>149,045</u>	<u>(106,788)</u>	<u>(16,871,168)</u>
Other Financing Sources (Uses):					
Issuance of bonds		9,650,000			9,650,000
Issuance of leases		76,917			76,917
Premium on bonds issued	102,103				102,103
Transfers in	163,016	1,025,109	12,474	7,050	1,207,649
Transfers out	(982,159)		(87,240)	(254,753)	(1,324,152)
Total other financing sources (uses)	<u>(717,040)</u>	<u>10,752,026</u>	<u>(74,766)</u>	<u>(247,703)</u>	<u>9,712,517</u>
Net Change in Fund Balances	686,035	(7,564,474)	74,279	(354,491)	(7,158,651)
Fund Balances at Beginning of Year	<u>5,691,089</u>	<u>(7,952,897)</u>	<u>324,351</u>	<u>1,812,372</u>	<u>(125,085)</u>
Fund Balances at End of Year	<u>\$ 6,377,124</u>	<u>\$ (15,517,371)</u>	<u>\$ 398,630</u>	<u>\$ 1,457,881</u>	<u>\$ (7,283,736)</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (7,158,651)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	22,584,266
Depreciation expense	(4,702,668)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.	(30,632)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(650,520)
Property tax receivable - accrual basis change	151,796
Property tax interest and lien revenue - accrual basis change	(189,026)
Sewer user fees and assessment receivable - accrual basis change	32,686
Sewer user fees and assessment interest receivable - accrual basis change	4,997

Change in OPEB assets	104
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	3,455,000
Note payments	547,914
Issuance of bonds and notes	(9,650,000)
Premium on bonds	(102,103)
Bond issuance costs	82,946
Capital lease payments	182,142
Issuance of capital lease	(76,917)

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

Compensated absences	(432,344)
Accrued interest	207,406
Amortization of deferred charge on refunding	(131,878)
Amortization of issuance costs and premiums, net	75,977
Net pension expense	(293,519)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

948,512

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 4,855,488</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF NET ASSETS - PROPRIETARY FUND
JUNE 30, 2011

	Governmental Activities <hr style="border: 0.5px solid black;"/> Internal Service Fund <hr style="border: 0.5px solid black;"/>
Assets:	
Cash and cash equivalents	\$ <u>1,926,463</u>
Liabilities:	
Accounts and other payables	<u>833,750</u>
Net Assets:	
Unrestricted	\$ <u><u>1,092,713</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
Operating Revenues:	
Charges for services	\$ <u>14,624,795</u>
Operating Expenses:	
Employee benefits	13,520,729
Administrative fees	<u>278,750</u>
Total operating expenses	<u>13,799,479</u>
Operating Income	825,316
Nonoperating Revenue:	
Income on investments	<u>6,693</u>
Income Before Transfers	832,009
Transfer In	<u>116,503</u>
Change in Net Assets	948,512
Net Assets at Beginning of Year	<u>144,201</u>
Net Assets at End of Year	\$ <u><u>1,092,713</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Governmental Activities <hr/> Internal Service Fund <hr/>
Cash Flows from Operating Activities:	
Cash received from premiums - Town departments and agencies	\$ 14,624,795
Claims paid	(13,526,479)
Amount paid to contractor	(278,750)
Net cash provided by operating activities	<hr/> 819,566
Cash Flows from Noncapital Financing Activities:	
Contributions from other funds	116,503
Cash Flows from Investing Activities:	
Income from investments	<hr/> 6,693
Net Increase in Cash and Cash Equivalents	942,762
Cash and Cash Equivalents at Beginning of Year	<hr/> 983,701
Cash and Cash Equivalents at End of Year	\$ <hr/> <hr/> 1,926,463
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 825,316
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts and other payables	<hr/> (5,750)
Net Cash Provided by Operating Activities	\$ <hr/> <hr/> 819,566

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2011

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$	\$ 487,863	\$ 862,967
Investments:			
Mutual funds	23,508,840		
Due from other funds			3,500
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>23,508,840</u>	<u>487,863</u>	<u>\$ 866,467</u>
Liabilities:			
Due to others			\$ 866,467
	<u> </u>	<u> </u>	<u> </u>
Net Assets:			
Held in trust for pension benefits and other purposes	<u>\$ 23,508,840</u>	<u>\$ 487,863</u>	

NOTE: Pension trust funds are reported at December 31, 2010.

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS
PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2011

	Pension Trust Funds	Other Post Employment Benefit Trust Fund
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 1,685,760	\$ 700,000
Plan members	632,448	
Total contributions	<u>2,318,208</u>	<u>700,000</u>
Investment earnings:		
Net appreciation (depreciation) in fair value of investments	1,979,317	(136)
Interest and dividends	471,164	1,905
Total investment gain	<u>2,450,481</u>	<u>1,769</u>
Less investment expenses	<u>41,988</u>	
Total additions	<u>4,726,701</u>	<u>701,769</u>
Deductions:		
Benefits	1,367,900	542,000
Administration	69,060	1,000
Total deductions	<u>1,436,960</u>	<u>543,000</u>
Change in Net Assets	3,289,741	158,769
Net Assets - Beginning of Year	<u>20,219,099</u>	<u>329,094</u>
Net Assets - End of Year	<u>\$ 23,508,840</u>	<u>\$ 487,863</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in 1845. The Town operates under a Town Council/Town Manager form of government and provides the following services as authorized by its charter: public safety, public works, public health and social services, parks and recreation, and education.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

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

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

C. 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for the financial resources to be used for major capital asset construction and/or purchases.

The *Sewer Operating Fund* accounts for sewer use and assessment fees used to maintain sewer operations within the Town. The major sources of revenue for this fund is sewer assessments and use charges.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for risk financing activities for medical insurance benefits as allowed by GASB Statement No. 10.

The *Pension Trust Funds* account for the activities of the South Windsor Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Other Post Employment Benefit Trust Fund* accounts for the accumulated resources and payments associated with both Town and Board of Education health insurance benefits to former qualified employees.

The *Agency Funds* account for monies held on behalf of students and amounts held for performance related activities.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. 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.

Property taxes are levied on all assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Assessed values are established by the Town Assessor's Office at 70% of appraised value. The tax bills are payable in two installments, July and January. In accordance with State Statutes, the oldest outstanding tax is collected first. Delinquent taxes are charged with interest at the rate of 1.5% per month. Outstanding real estate tax accounts are automatically lien-ed each year prior to June 30.

In the governmental fund financial statements property tax revenues are recognized when they become available. Available means due or past due and received within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue.

F. Inventories and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental 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 \$10,000 for equipment, \$50,000 for improvements, and \$100,000 for infrastructure and an estimated useful life in excess of 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Roads	75
Bridges	50
Sewer collection pipes	75
Sewer collection manholes	75
Buildings	40
Improvements other than buildings	20
Machinery and equipment	5-20
Vehicles	6-20
Office equipment	10
Computer equipment	3

H. Compensated Absences

Town and noncertified Board of Education employees are granted vacation and sick leave and certified employees of the Board of Education are granted sick leave based upon length of employment. In the event of termination, employees are compensated for accumulated vacation and depending on the terms of their union contract, sick time.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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 any significant applicable bond premium or discount. Significant 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 issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

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

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

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

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

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

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council).

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 a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund and Sewer Operating Fund financial statements.

- Prior to March 15, the Board of Education submits to the Town Council a proposed budget for the year commencing July 1. Prior to March 22, the Town Manager submits to the Town Council a proposed operating budget for the general government for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. By April 15, the Town Council must have the Board of Education budget ready for public hearing and by April 22, the Town Council must have the general government budget ready for public hearing.
- By April 30, public hearings are conducted on the Board of Education budget and by May 7, public hearings are conducted on the general government budget.
- By May 15, the Town Council shall adopt the Board of Education budget and by May 22, the Town Council shall adopt the general government budget.
- The Town Manager may transfer unencumbered funds within a department budget. The Town Council may transfer unencumbered funds between departments and is authorized to make additional appropriations. There were no additional appropriations approved during the year.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year, or no expenditure from or encumbrance of the appropriation has been made for three consecutive fiscal years.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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 the Statutes, 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 Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. 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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$18,869,943 of the Town’s bank balance of \$20,334,479 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 16,925,550
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,944,393</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 18,869,943</u>

Cash Equivalents

At June 30, 2011, the Town's cash equivalents amounted to \$3,035,576. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>
StateTax Exempt Proceeds Fund*	
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management	AAAm

*Not rated

Investments

Investments as of June 30, 2011 (December 31, 2010 for Pension Trust Fund) in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Other investments:	
Mutual funds	\$ 23,561,495

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. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The Town's investment policy does not specify a limit for an investment in any one issuer.

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. At June 30, 2011, the Town had no uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 2,223,280	\$	\$ 24,573	\$	\$ 2,247,853
Taxes	3,133,711				3,133,711
Accounts	95,978		337,317	32,117	465,412
Intergovernmental	517,024	1,564,189		125,834	2,207,047
Special assessments			7,771		7,771
Gross receivables	<u>5,969,993</u>	<u>1,564,189</u>	<u>369,661</u>	<u>157,951</u>	<u>8,061,794</u>
Less allowance for uncollectibles:					
Taxes	(720,754)				(720,754)
Accrued interest on taxes	<u>(511,354)</u>				<u>(511,354)</u>
Net Total Receivables	<u>\$ 4,737,885</u>	<u>\$ 1,564,189</u>	<u>\$ 369,661</u>	<u>\$ 157,951</u>	<u>\$ 6,829,686</u>

Governmental funds report deferred revenue in connection with receivables for revenues 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>
Delinquent property taxes and interest receivable	\$ 3,979,703	\$
School building grant	302,318	
Sewer assessments and interest receivable	13,123	
Grants and other drawdowns prior to meeting all eligibility requirements		552,829
Advanced tax collections		145,810
Sewer operating user fees and interest receivable	<u>356,538</u>	
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 4,651,682</u>	<u>\$ 698,639</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 16,515,804	\$ 750,562	\$	\$ 17,266,366
Construction in progress	24,583,821	16,501,642	(6,957,922)	34,127,541
Total capital assets not being depreciated	<u>41,099,625</u>	<u>17,252,204</u>	<u>(6,957,922)</u>	<u>51,393,907</u>
Capital assets being depreciated:				
Buildings	120,508,152	7,018,158		127,526,310
Improvements other than buildings	19,174,462	447,619		19,622,081
Furniture and equipment	13,869,404	1,853,381	(225,123)	15,497,662
Infrastructure	91,975,884	2,970,826		94,946,710
Total capital assets being depreciated	<u>245,527,902</u>	<u>12,289,984</u>	<u>(225,123)</u>	<u>257,592,763</u>
Less accumulated depreciation for:				
Buildings	(54,238,054)	(1,517,663)		(55,755,717)
Improvements other than buildings	(5,190,078)	(517,205)		(5,707,283)
Furniture and equipment	(8,341,742)	(1,143,983)	194,491	(9,291,234)
Infrastructure	(50,433,793)	(1,523,817)		(51,957,610)
Total accumulated depreciation	<u>(118,203,667)</u>	<u>(4,702,668)</u>	<u>194,491</u>	<u>(122,711,844)</u>
Total capital assets being depreciated, net	<u>127,324,235</u>	<u>7,587,316</u>	<u>(30,632)</u>	<u>134,880,919</u>
Governmental Activities Capital Assets, Net	<u>\$ 168,423,860</u>	<u>\$ 24,839,520</u>	<u>\$ (6,988,554)</u>	<u>\$ 186,274,826</u>

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

Governmental activities:	
General government	\$ 143,458
Public safety	394,133
Public works	2,073,301
Culture and recreation	343,093
Human services	23,510
Education	<u>1,725,173</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,702,668</u>

Construction Commitments

The Town has active construction projects as of June 30, 2011. At year end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
New Fire House	\$ 6,356,434	\$ 4,096
Police Department Renovation	-	86,180
Road Improvement Projects	1,446,095	101,019
Water Pollution Control Facility	30,630,768	4,129,154

The commitments are being financed by General Fund appropriations, permanent financing and participation in the State's Clean Water Fund Program.

6. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions were processed through the General Fund on behalf of other funds. A summary of interfund balances as of June 30, 2011 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor funds	\$ 1,120,229
Sewer Fund	General Fund	890,704
Capital Projects Fund	Sewer Fund	3,006,934
Capital Projects Fund	Nonmajor funds	81,274
Capital Projects Fund	General Fund	6,599,579
Fiduciary Fund	Nonmajor Fund	3,500
Nonmajor funds	General Fund	910,002
		<u>\$ 12,612,222</u>

Interfund receivables and payables generally represent temporary balances from reimbursement type transactions.

Interfund transfers:

	<u>Transfers In</u>					<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Operating</u>	<u>Nonmajor Governmental</u>	<u>Internal Service Fund</u>	
Transfers:						
General Fund	\$	\$ 975,109	\$	\$ 7,050	\$	\$ 982,159
Sewer Operating Nonmajor Governmental	37,240	50,000				87,240
	<u>125,776</u>	<u></u>	<u>12,474</u>	<u></u>	<u>116,503</u>	<u>254,753</u>
Total Transfers In	\$ <u>163,016</u>	\$ <u>1,025,109</u>	\$ <u>12,474</u>	\$ <u>7,050</u>	\$ <u>116,503</u>	\$ <u>1,324,152</u>

Transfers are for regularly reoccurring operational transactions.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

A schedule of long-term liabilities outstanding at June 30, 2011 is presented below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
Bonds and notes payable	\$ 29,147,700	\$ 9,650,000	\$ (3,606,761)	\$ 35,190,939	\$ 3,109,824
Less deferred amounts on refunding	(832,302)		131,878	(700,424)	
Premiums on refunding	532,647		(141,013)	391,634	
	<u>28,848,045</u>	<u>9,650,000</u>	<u>(3,615,896)</u>	<u>34,882,149</u>	<u>3,109,824</u>
Capital leases	971,779	76,917	(182,142)	866,554	168,876
Compensated absences	6,840,033	525,127	(92,783)	7,272,377	1,988,594
Note payable	885,338		(396,153)	489,185	433,190
Net pension obligation	<u>3,892,209</u>	<u>293,519</u>		<u>4,185,728</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 41,437,404</u>	<u>\$ 10,545,563</u>	<u>\$ (4,286,974)</u>	<u>\$ 47,695,993</u>	<u>\$ 5,700,484</u>

Bonds and notes payable at June 30, 2011 comprise the following:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2011</u>
General Purpose:					
Improvement bond	8/15/2008	2/15/2028	3.5-5.0%	\$ 8,625,000	\$ 8,225,000
Refunding bond	6/4/2008	9/15/2011	1.85-1.99%	1,486,700	834,000
Refunding bond	5/12/2009	9/1/2018	3.0-5.0%	2,478,000	2,147,000
Improvement bond	2/22/2011	2/15/2031	4.0-5.0%	9,650,000	9,650,000
Schools:					
Refunding bond	6/4/2008	9/15/2011	1.85-1.99%	3,823,300	1,431,000
Improvement bond	2/15/2009	2/15/2024	3.00-5.00%	4,820,000	4,800,000
Refunding bond	5/12/2009	9/1/2018	3.0-5.0%	6,897,000	5,993,000
Sewer:					
Clean Water Note Vernon wastewater treatment plant upgrade	1/1/2002	7/1/2021	2%	800,000	439,020
	12/31/1997	12/31/2016	2%	482,056	150,874
Clean Water Note Pleasant Valley	11/30/2005	5/31/2025	2%	402,727	294,014
Clean Water Note Submersible pump station	12/28/2006	7/1/2026	2%	1,568,029	<u>1,227,031</u>
Total					<u>\$ 35,190,939</u>

The following is a schedule of future debt service requirements as of June 30, 2011:

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Debt Service</u>
2012	\$ 3,109,824	\$ 1,226,109	\$ 4,335,933
2013	3,037,949	1,128,455	4,166,404
2014	2,911,137	1,010,360	3,921,497
2015	2,939,389	892,139	3,831,528
2016	2,987,708	790,896	3,778,604
2017-2021	9,604,307	2,958,280	12,562,587
2022-2026	6,867,780	1,616,198	8,483,978
2027-2031	3,732,845	454,576	4,187,421
	<u>\$ 35,190,939</u>	<u>\$ 10,077,013</u>	<u>\$ 45,267,952</u>

Debt service expenditures were funded by the General Fund and the Sewer Operating Fund.

Legal Debt Limit

The Town's indebtedness does not exceed the legal debt limitations as established by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 174,755,061	\$ 20,856,000	\$ 153,899,061
Schools	349,510,122	11,921,682	337,588,440
Sewers	291,258,435	42,506,301	248,752,134
Urban renewal	252,423,977		252,423,977
Pension deficit	233,006,748		233,006,748

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$543,682,412. School indebtedness is net of \$302,318 of school building grants receivable.

Authorized and unissued debt is as follows:

	<u>Authorized</u>	<u>Bonds and BANS Issued</u>	<u>Grants</u>	<u>Authorized but Unissued Debt</u>
Dry Pit Pump Station Project	\$ 1,950,000	\$ 1,950,000	\$	\$ -
Water Pollution Control Facility	47,000,000	23,347,737	6,604,638	17,047,625

Net Pension Obligation

The accrued pension obligation represents the accumulated difference between actuarially determined contributions to the Pension Trust and the actual Town contributions.

Capital Leases

The Town has entered into lease agreements for the purchase of various data processing equipment and copiers, public works equipment, a voicemail system and a minibus. The annual payments for the agreements are provided for by annual general fund appropriations.

Capital leases that are currently capitalized under the category of machinery and equipment were as follows:

Cost	\$ 4,011,103
Accumulated depreciation	<u>(323,903)</u>
Net Leased Equipment	<u>\$ 3,687,200</u>

The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments at June 30, 2011.

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 204,741
2013	193,975
2014	185,970
2015	173,018
2016	112,211
2017	112,210
Less amount representing interest	<u>(115,571)</u>
Present Value of Minimum Lease Payments	<u>\$ 866,554</u>

Clean Water Fund Note Payable

The Town is currently participating in the State of Connecticut Clean Water Fund Loan Program. Currently, the Town has a temporary loan of \$23,347,737 at June 30, 2011. The loan matures on December 3, 2011 at which time it will be converted to permanent financing. The loan currently bears interest at 2%.

Bond Anticipation Note

The Town issued bond anticipation notes on February 22, 2011 maturing on February 21, 2012 for \$1,950,000. The current interest rate on the notes is 1.25% and is recorded as a liability in the Capital Projects Fund.

Other Note Payable

The Town currently has a note payable outstanding of \$489,185 for the purchase of land on 765 Sullivan Avenue. The loan requires 36 consecutive monthly payments in the amount of \$36,099 until August 1, 2012. The interest rate on the loan is 5.25%.

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. Plan Description

The Town is the administrator of two single-employer, defined benefit pension plans, the Town Plan and Board of Education Plan. Plan provisions are established and amended by the Town Council and Board of Education. The first plan includes the following groups of Town employees: management, police union, Town Hall union, highway union, pollution union, library and dispatchers’ union. The second plan covers Board of Education management, custodians, secretaries and nurses. The two pension plans are part of the Town’s financial reporting entity and are accounted for as pension trust funds. The plans do not issue separate, stand-alone financial reports.

As of January 1, 2010, the plans’ membership consisted of:

	Town Plan	Board of Education Plan
Retirees and beneficiaries currently receiving benefits	61	41
Terminated members entitled to benefits but not yet receiving them	14	14
Inactive participants	4	5
Current active members	112	92
Total	<u>191</u>	<u>152</u>

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The pension trust funds’ financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contractual requirements, and investment income is recognized when earned. Expenses (benefits and administration) are recognized when due and payable in accordance with the terms of each plan.

Valuation of Investments

Investments are valued at fair value, based upon quoted market prices. Securities traded on national exchanges are valued at the last reported sales price.

Benefit Provisions

Town Plan

Employees become eligible to participate in the plan upon completing one year of continuous service, attaining age 21 and agreeing in writing to make required employee contributions. Police officers are 100% vested after completing ten years of continuous service. Highway, dispatchers, pollution union, town hall, management and library employees are 100% vested after completing five years of continuous service.

Board of Education Plan

Employees become eligible to participate in the plan upon completing one year of continuous service, attaining age 21 and agreeing in writing to make required employee contributions. Employees are 100% vested after completing five years of continuous service.

C. Funding Policy

Employer Contributions

The Town is required to contribute amounts necessary to fund benefits. The Town's contributions to both plans are actuarially determined on an annual basis using the Entry Age Normal Cost Method. For both plans, administrative costs are generally financed through investment earnings.

Employee Contributions

Required employee contribution rates under the Town Plan are 7.75% of covered payroll for police employees and 4.5% for all other employees. Participants in the Board of Education Plan contribute 4.5% of covered payroll.

D. Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension obligation to the Town's Retirement System for the current year were as follows:

	<u>Town</u>	<u>Board of Education</u>
Annual required contribution	\$ 1,500,972	\$ 487,057
Interest on net pension obligation	216,462	94,915
Adjustment to annual required contribution	<u>(222,545)</u>	<u>(97,582)</u>
Annual pension cost	1,494,889	484,390
Contributions made	<u>1,278,427</u>	<u>407,333</u>
Increase in net pension obligation	216,462	77,057
Net Pension Obligation, Beginning of Year	<u>2,705,777</u>	<u>1,186,432</u>
Net Pension Obligation, End of Year	<u>\$ 2,922,239</u>	<u>\$ 1,263,489</u>

The following is a summary of certain significant actuarial assumptions and other PERS information:

	<u>Town</u>	<u>Board of Education</u>
Valuation Date	1/1/2010	1/1/2010
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method	Level Dollar, Open	Level Dollar, Open
Remaining Amortization Period	10 Years	10 Years
Asset Valuation Method	5 year smoothed Fair Value	5 year smoothed Fair Value
Actuarial Assumptions:		
Investment rate of return	8%	8%
Projected salary increases:		
Merit	2%	2%
Inflation	2%	2%

E. Trend Information

Town Pension Plan

<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>
6/30/06	\$ 889,535	\$ 419,000	47.10%	\$ 886,400
6/30/07	996,876	606,632	60.70	1,276,644
6/30/08	1,102,367	668,914	60.80	1,710,097
6/30/09	1,216,274	826,338	67.94	2,100,033
6/30/10	1,568,913	963,169	61.39	2,705,777
6/30/11	1,494,889	1,278,427	85.52	2,922,239

Board of Education Plan

<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>
6/30/06	\$ 416,360	\$ 321,299	77.20%	\$ 1,375,116
6/30/07	461,135	457,461	99.20	1,378,790
6/30/08	480,621	833,712	173.50	1,025,699
6/30/09	427,013	354,000	82.90	1,098,712
6/30/10	520,295	432,575	83.14	1,186,432
6/30/11	484,390	407,333	84.09	1,263,489

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Town Pension Plan							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)	
1/1/05	\$ 11,056,100	\$ 16,544,600	\$ (5,488,500)	66.8%	\$ 4,629,455	(118.6)%	
1/1/06	11,417,364	17,733,386	(6,316,022)	64.4	4,744,942	(133.1)	
1/1/07	12,287,046	19,562,764	(7,275,718)	62.8	4,771,476	(152.5)	
1/1/08	13,426,371	21,185,349	(7,758,978)	63.4	4,962,230	(156.36)	
1/1/09	12,424,948	23,350,652	(10,925,704)	53.2	5,239,328	(208.53)	
1/1/10	12,424,948	23,350,652	(10,925,704)	53.2	5,239,328	(208.53)	

Board of Education							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)	
1/1/05	\$ 5,217,193	\$ 6,281,473	\$ (1,064,280)	83.1%	\$ 2,791,381	(38.1)	
1/1/06	5,436,787	6,813,845	(1,377,058)	79.8	2,764,749	(49.8)	
1/1/07	6,076,770	7,114,251	(1,037,481)	85.4	3,232,684	(32.1)	
1/1/08	7,209,802	7,697,888	(488,086)	93.7	3,321,753	(14.7)	
1/1/09	6,670,839	8,534,681	(1,863,842)	78.2	3,512,067	(53.07)	
1/1/10	7,867,409	9,162,890	(1,295,481)	85.86	3,652,821	(35.47)	

Schedule of Employer Contributions

Fiscal Year Ended	Town Pension Plan		Board of Education	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
6/30/06	\$ 890,470	47.10%	\$ 419,238	76.60%
6/30/07	998,869	60.70	464,398	98.50
6/30/08	1,105,236	60.50	483,721	172.40
6/30/09	1,220,118	67.72	429,319	82.46
6/30/10	1,573,634	61.21	522,765	82.75
6/30/11	1,500,972	85.17	487,057	80.69

G. Combining Statements

Schedule of Plan Assets

	Town Plan	Board of Education Plan	Total
Assets:			
Investments, at fair value:			
Mutual funds	\$ <u>15,342,224</u>	\$ <u>8,166,616</u>	\$ <u>23,508,840</u>
Net Assets Held in Trust for Pension Benefits	\$ <u>15,342,224</u>	\$ <u>8,166,616</u>	\$ <u>23,508,840</u>

	Schedule of Changes in Plan Net Assets		
	Town Plan	Board of Education Plan	Total
Additions:			
Contributions:			
Employer	\$ 1,278,427	\$ 407,333	\$ 1,685,760
Employee	<u>449,485</u>	<u>182,963</u>	<u>632,448</u>
Total contributions	<u>1,727,912</u>	<u>590,296</u>	<u>2,318,208</u>
Investment income:			
Net investment gains	1,279,289	700,028	1,979,317
Interest and dividends	<u>312,146</u>	<u>159,018</u>	<u>471,164</u>
Total investment income	1,591,435	859,046	2,450,481
Less investment expenses	<u>27,903</u>	<u>14,085</u>	<u>41,988</u>
Net investment income	<u>1,563,532</u>	<u>844,961</u>	<u>2,408,493</u>
Total additions	<u>3,291,444</u>	<u>1,435,257</u>	<u>4,726,701</u>
Deductions:			
Benefits	995,114	372,786	1,367,900
Administration	<u>46,963</u>	<u>22,097</u>	<u>69,060</u>
Total deductions	<u>1,042,077</u>	<u>394,883</u>	<u>1,436,960</u>
Changes in Net Assets	2,249,367	1,040,374	3,289,741
Net Assets - January 1, 2011	<u>13,092,857</u>	<u>7,126,242</u>	<u>20,219,099</u>
Net Assets - December 31, 2011	<u>\$ 15,342,224</u>	<u>\$ 8,166,616</u>	<u>\$ 23,508,840</u>

Defined Contribution Plan

A. Plan Description

The Town is the administrator of a single-employer, defined contribution pension plan, the Town of South Windsor Employee Benefit Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan covers Town nonbargaining unit employees, members of the Police Union hired after July 1, 2005 and members of the Public Works, Community Service officers and Pollution Control unions hired after July 1, 2008.

B. Plan Provisions

Town nonbargaining unit employees, members of the Police Union hired after July 1, 2005 and members of the Public Works, Community Service Officers and Pollution Control Unions hired after July 1, 2008 who have completed a 12-month period of service shall be eligible to participate in the Plan at the beginning of the payroll period next commencing thereafter. There is no minimum age requirement. For Police, Public Works, Community Service Officers and Pollution Control Union members, benefits vest 20% per year, reaching 100% after five years of participation. For Town nonbargaining unit employees, benefits vest 100% upon eligibility of the employee. Plan provisions and the authority to amend the provisions are established by the Town Council.

C. Contribution Requirements and Contributions Made

The employer contribution for members of the Police Union hired after July 1, 2005 and Public Works, Community Service Officers and Pollution Control Unions hired after July 1, 2008 is 6.0% of earnings. The total Town contribution during the year ended June 30, 2011 for these groups was \$26,764 and represented 6.0% of covered payroll. The employees' contributions were \$32,005 and represented the required 6.0% of covered payroll plus any additional contributions up to the IRS allowable maximum. The employer contribution for Town management group employees is 12.07% of earnings. The total Town contribution during the year ended June 30, 2011 for this group was \$288,016 and represented 12.07% of covered payroll. The employees' required contributions were \$107,421 and represented 4.5% of covered payroll. The authority to establish and amend contribution requirements is by the Town Council.

D. Employer and Employee Obligations

Members are required to contribute between 4.5% and 6.0% of their annual earnings. The Town is required to contribute between 6.0% and 12.07% of the members' annual earnings.

E. Teachers' Retirement

All Town of South Windsor Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$30,035,834 or 76.3% of the total Board of Education professional payroll of \$39,349,154.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2011, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$4,774,520 as payments made by the State of Connecticut on behalf of the Town.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

9. FUND BALANCE DEFICITS

The Animal Control Fund had a fund balance deficit as of June 30, 2011 in the amount of \$26,152. This deficit will be funded with future charges for services and General Fund contributions.

The Capital Projects fund showed a deficit fund balance at June 30, 2011 of \$15,517,371. This deficit will be funded through long-term debt and other contributions.

10. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; public official liabilities; police liability; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain the risk for the Town and Board of Education employees' medical claims. This fund is reported as an Internal Service Fund. During the year, deductibles paid by the Town were insignificant. Settled claims have not exceeded insurance in any of the past three years. There were no significant reductions in insurance coverage from amounts held the prior year.

A third party administers the medical insurance plan for which the Town pays a fee. The Town has purchased a stop loss policy for total claims in any one year exceeding an aggregate of 120% of expected claims and for individual claims exceeding \$150,000.

The medical insurance fund is substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

	<u>Claims Payable July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Claims Payable June 30</u>
Medical Insurance Fund:				
2009-2010	\$ 765,208	\$ 12,966,784	\$ 12,892,492	\$ 839,500
2010-2011	839,500	13,520,729	13,526,479	833,750

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

The Town is also a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million per occurrence.

11. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The Town, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The plan is a single-employer plan that covers Police, Town, Teachers, and Board of Education employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The Town does not issue separate stand-alone financial statements for the plan.

At July 1, 2009, plan membership consisted of the following:

Active members	833
Retired members	94
Spouses of retired members	<u>54</u>
Total Participants	<u><u>981</u></u>

B. Funding Policy

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. The Town has established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits, which is reported as a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town have also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums. The funding strategy for postemployment obligations are based on the following:

Teachers and Administrators

- Those individuals retired under the Connecticut Sate Teachers Retirement system shall be eligible to receive health benefits for self and spouse.
- Earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.
- 100% of premium is paid by retiree.

Board of Education SWESS (Support Staff), BOE Non-Union, BOE Custodians/Maintenance, BOE Food-Service Staff and BOE Nurses

- A retired member shall be eligible to continue health benefits (medical only for Custodians/Maintenance and Nurses) for self and spouse.
- Retirement date is the later of age 62 or the completion of 10 years of service. Early retirement is the first of any month within 10 years of Normal Retirement Date.
- Nurses must be at least age 55 with 10 years of continuous service as a school nurse.
- 100% of premium is paid by retiree.

Police

- Completion of 25 years of service or attainment of age 50.
- The Town contributes 75% of the cost of the health insurance for members hired before July 1, 2006. Members hired after July 1, 2006 have the option of continuing medical benefits at their own expense. The retiree shall contribute the remainder of the cost. Coverage is pre-65 only.
- In the event of an employee's death in the line of duty, the Town shall contribute 100% of the health insurance cost coverage for spouse and dependents. Such contribution shall not exceed a period of 12 months.

Town Hall Union and Non-Bargaining (Management and Library)

- Retired employees with at least 10 years of service shall be eligible to continue health coverage at the Town's group rates.
- Retirement eligibility is age 62 for Town Hall and Management employees and age 65 for the Library.
- 100% of premium is paid by retiree.

Town (Pollution Union, Dispatchers, and Public Works)

- Retired employees with attainment of age 60 may continue health coverage at the Town group rates.
- 100% of premium is paid by retiree.

Annual OPEB Cost and Net OPEB Obligations

The Town of South Windsor's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The 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 (asset):

Annual required contribution (ARC)	\$ 700,000
Interest on OPEB obligation	(480)
Adjustment to annual required contribution	<u>376</u>
Annual OPEB cost	699,896
Contributions made	<u>700,000</u>
Decrease in net OPEB obligation	(104)
Net OPEB asset, beginning of year	<u>(6,000)</u>
Net OPEB Asset, End of Year	\$ <u><u>(6,104)</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2011 is presented below. The year of implementation was June 30, 2009:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2009	\$ 631,000	\$ 631,000	100%	\$ -
6/30/2010	665,000	671,000	101%	(6,000)
6/30/2011	699,896	700,000	100%	(6,104)

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 the 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. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2007	\$ -	\$ 5,569,000	\$ 5,569,000	0.0%	N/A	N/A
7/1/2009	-	5,906,000	5,906,000	0.0%	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed
6/30/2009	\$ 631,000	100%
6/30/2010	665,000	101%
6/30/2011	700,000	100%

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as 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 cost 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, 2009 actuarial valuation, the projected unit credit actuarial cost method was used with level percentage amortization over 25 years for police and 30 years for all other employees. The actuarial assumptions include a 4.0% 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.

13. 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 a judgment or judgments that would materially affect the Town's financial position.

14. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 39,341	\$ 39,341
Prepaid items	4,836				4,836
Restricted for:					
Education				5,028	5,028
Public safety				92,214	92,214
Public works				261,446	261,446
Health and welfare				268,051	268,051
Capital projects		9,136,050			9,136,050
Committed to:					
General government				261,319	261,319
Public works			398,630		398,630
Culture and recreation				252,044	252,044
Education				304,590	304,590
Assigned to:					
Subsequent year's budget	1,500,000				1,500,000
General government	14,731				14,731
Public safety	14,341				14,341
Public works	121,075				121,075
Health and welfare	3,253				3,253
Culture and recreation	21,539				21,539
Education	1,265,555				1,265,555
Unassigned	<u>3,431,794</u>	<u>(24,653,421)</u>		<u>(26,152)</u>	<u>(21,247,779)</u>
Total Fund Balances	<u>\$ 6,377,124</u>	<u>\$ (15,517,371)</u>	<u>\$ 398,630</u>	<u>\$ 1,457,881</u>	<u>\$ (7,283,736)</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
Property Taxes:				
Current taxes	\$ 76,311,208	\$ 76,311,208	\$ 76,038,924	\$ (272,284)
Delinquent taxes	475,000	475,000	582,926	107,926
Supplemental motor vehicles	485,000	485,000	500,674	15,674
Interest	300,000	300,000	414,869	114,869
Liens	4,000	4,000	7,150	3,150
Housing authority - PILOT (in lieu of taxes)	20,000	20,000	22,897	2,897
Telephone access relief	80,000	80,000	49,375	(30,625)
Total property taxes	<u>77,675,208</u>	<u>77,675,208</u>	<u>77,616,815</u>	<u>(58,393)</u>
Intergovernmental:				
State assistance - education:				
School building grants	696,078	696,078	696,079	1
Education equalization	11,321,457	11,321,457	11,113,143	(208,314)
Other assistance:				
Recovery Act - Board of Education	1,834,504	1,834,504	1,834,504	-
Elderly tax freeze	3,000	3,000	3,713	713
State in lieu of taxes	68,343	68,343	71,688	3,345
DOT Elderly Transportation			30,345	30,345
Elderly tax relief	125,300	125,300	137,853	12,553
State sundry grants	25,000	25,000	104,116	79,116
Youth service grants	20,000	20,000	22,589	2,589
Manufacturer's equipment and machinery	1,240,000	1,240,000	1,084,232	(155,768)
Veterans' exemption	16,000	16,000	14,283	(1,717)
Total intergovernmental	<u>15,349,682</u>	<u>15,349,682</u>	<u>15,112,545</u>	<u>(237,137)</u>
Charges for services:				
Building permits	750,000	750,000	299,068	(450,932)
Town Manager's rents	18,300	18,300	17,492	(808)
Probate court rentals			2,677	2,677
Town Clerk fees	410,000	410,000	484,179	74,179
Planning and zoning fees	5,000	5,000	4,311	(689)
General government sundry	75,000	75,000	126,418	51,418
Police	26,000	26,000	22,906	(3,094)
Educational rentals	10,000	10,000	12,230	2,230
Engineering permits	2,000	2,000	5,170	3,170
Zoning board of appeals	2,000	2,000	1,295	(705)
Refuse and recycling	143,270	143,270	105,140	(38,130)
Fire Marshall fees	120,000	120,000	18,559	(101,441)
Total charges for services	<u>1,561,570</u>	<u>1,561,570</u>	<u>1,099,445</u>	<u>(462,125)</u>
Investment Earnings	<u>125,000</u>	<u>125,000</u>	<u>48,914</u>	<u>(76,086)</u>
Other revenues:				
Cancellation of prior year encumbrances			88,135	88,135
Total revenues	<u>94,711,460</u>	<u>94,711,460</u>	<u>93,965,854</u>	<u>(745,606)</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Other Financing Sources:				
Transfers in:				
Sewer Operating	\$ 37,240	\$ 37,240	\$ 37,240	\$ -
Library funds	<u>25,000</u>	<u>25,000</u>	<u>25,776</u>	<u>776</u>
Total other financing sources	<u>62,240</u>	<u>62,240</u>	<u>63,016</u>	<u>776</u>
Total Revenues and Other Financing Sources	<u>\$ 94,773,700</u>	<u>\$ 94,773,700</u>	94,028,870	<u>\$ (744,830)</u>
Budgetary revenues are different from GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(88,135)	
Contribution from recreation fund not budgeted as revenue			100,000	
State on-behalf payments			4,774,520	
Premium on bonds			<u>102,103</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 98,917,358</u>	

TOWN OF SOUTH WINDSOR, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over)Under</u>
General Government:				
Legislative:				
Town council	\$ 206,540	\$ 218,695	\$ 200,144	\$ 18,551
Boards and Commissions:				
Human relations commission	2,500	2,524	2,524	-
Historic district commission	1,000	1,160	1,148	12
Public building commission	520	520		520
Housing authority	4,476	1,890	1,890	-
South Windsor redevelopment	1,000	840	115	725
Inland/wetlands - conservation	5,525	5,525	2,813	2,712
Land preservation advisory	300	300		300
Open space task force	750	530	530	-
Park and recreation commission	4,500	4,500	1,260	3,240
Planning and zoning	7,250	7,250	5,406	1,844
Zoning board of appeals	2,500	2,500	2,093	407
Juvenile fire setter commission	1,500	1,500	865	635
Economic development coordinator	3,000	3,000	759	2,241
Total boards and commissions	<u>34,821</u>	<u>32,039</u>	<u>19,403</u>	<u>12,636</u>
Judicial:				
Probate court	<u>11,277</u>	<u>11,277</u>	<u>9,061</u>	<u>2,216</u>
Elections:				
Registrar of voters	<u>136,037</u>	<u>157,533</u>	<u>139,310</u>	<u>18,223</u>
Executive:				
Town manager	255,499	275,983	273,348	2,635
Human resources	<u>162,091</u>	<u>141,607</u>	<u>135,612</u>	<u>5,995</u>
Total executive	<u>417,590</u>	<u>417,590</u>	<u>408,960</u>	<u>8,630</u>
Community Development:				
Planning department	305,232	305,232	288,200	17,032
Building department	<u>227,560</u>	<u>218,041</u>	<u>187,721</u>	<u>30,320</u>
Total community development	<u>532,792</u>	<u>523,273</u>	<u>475,921</u>	<u>47,352</u>
Finance:				
Assessor	269,585	266,585	254,785	11,800
Board of tax review	255	255		255
Collector of revenue	194,800	197,800	194,920	2,880
Finance office	<u>326,208</u>	<u>326,208</u>	<u>316,228</u>	<u>9,980</u>
Total finance	<u>790,848</u>	<u>790,848</u>	<u>765,933</u>	<u>24,915</u>
Recording and Reporting:				
Town clerk	<u>183,143</u>	<u>208,143</u>	<u>196,101</u>	<u>12,042</u>
Law:				
Town attorney	<u>175,000</u>	<u>187,800</u>	<u>187,766</u>	<u>34</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Central Services:				
Town hall	\$ 288,550	\$ 298,069	\$ 273,045	\$ 25,024
Information Technology	490,832	499,807	464,524	35,283
Total quality management implementation	17,615	17,615	6,256	11,359
Media	<u>16,984</u>	<u>16,984</u>	<u>7,413</u>	<u>9,571</u>
Total central services	<u>813,981</u>	<u>832,475</u>	<u>751,238</u>	<u>81,237</u>
Total general government	<u>3,302,029</u>	<u>3,379,673</u>	<u>3,153,837</u>	<u>225,836</u>
Public Safety:				
Police Protection:				
Police administration	456,095	432,090	415,120	16,970
Operations	2,901,135	2,929,180	2,884,481	44,699
Support services	1,859,720	1,857,179	1,647,178	210,001
Community services	<u>140,720</u>	<u>139,220</u>	<u>124,837</u>	<u>14,383</u>
Total police protection	<u>5,357,670</u>	<u>5,357,669</u>	<u>5,071,616</u>	<u>286,053</u>
Fire Protection:				
Fire marshal	126,851	126,851	122,172	4,679
Volunteer fire department	665,462	665,462	665,462	-
Hydrants and water lines	<u>697,000</u>	<u>713,886</u>	<u>685,416</u>	<u>28,470</u>
Total Fire Protection	<u>1,489,313</u>	<u>1,506,199</u>	<u>1,473,050</u>	<u>33,149</u>
Other protection:				
Street lights	<u>409,500</u>	<u>410,600</u>	<u>410,094</u>	<u>506</u>
Total Public Safety	<u>7,256,483</u>	<u>7,274,468</u>	<u>6,954,760</u>	<u>319,708</u>
Public Works:				
Administration:				
Management	<u>133,790</u>	<u>133,790</u>	<u>131,285</u>	<u>2,505</u>
Engineering:				
Technical support	<u>379,447</u>	<u>379,447</u>	<u>365,342</u>	<u>14,105</u>
Street services:				
Highway maintenance	2,093,442	2,261,882	2,103,978	157,904
Fleet Services	<u>797,745</u>	<u>846,896</u>	<u>717,028</u>	<u>129,868</u>
Total Street Services	<u>2,891,187</u>	<u>3,108,778</u>	<u>2,821,006</u>	<u>287,772</u>
Public Buildings:				
Building maintenance	<u>1,248,219</u>	<u>1,319,298</u>	<u>1,274,697</u>	<u>44,601</u>
Pollution Control:				
Refuse and Recycling	<u>1,866,164</u>	<u>1,936,233</u>	<u>1,865,764</u>	<u>70,469</u>
Total Public Works	<u>6,518,807</u>	<u>6,877,546</u>	<u>6,458,094</u>	<u>419,452</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Human Services:				
Conservation of Health:				
Environmental health	\$ 73,285	\$ 78,200	\$ 78,012	\$ 188
Visiting nurse community care	17,825	11,825	10,000	1,825
Total Conservation of Health	<u>91,110</u>	<u>90,025</u>	<u>88,012</u>	<u>2,013</u>
Human service programs:				
Administration	160,286	161,242	157,700	3,542
Youth and family services	251,456	227,493	223,729	3,764
Adult and senior services	319,951	342,958	335,609	7,349
Mini-bus service	53,350	59,350	58,623	727.00
Sheltered workshops	4,624	4,624	4,624	-
Total Human Services Programs	<u>789,667</u>	<u>795,667</u>	<u>780,285</u>	<u>15,382</u>
Total Human Services	<u>880,777</u>	<u>885,692</u>	<u>868,297</u>	<u>17,395</u>
Culture and Recreation:				
Recreation administration	294,830	294,830	281,333	13,497
Parks and Grounds	1,125,868	1,156,814	1,082,972	73,842
Library	987,527	987,528	976,804	10,724
Total Culture and Recreation	<u>2,408,225</u>	<u>2,439,172</u>	<u>2,341,109</u>	<u>98,063</u>
Education	<u>63,000,000</u>	<u>63,000,000</u>	<u>62,998,921</u>	<u>1,079</u>
Insurance and benefits:				
Municipal insurance:				
Insurance - casualty	210,414	224,726	224,718	8
Pension Contribution:				
Pension	1,488,717	1,445,989	1,430,578	15,411
Social security	901,906	891,417	841,581	49,836
Total Pension Contributions	<u>2,390,623</u>	<u>2,337,406</u>	<u>2,272,159</u>	<u>65,247</u>
Health and life insurance	2,678,078	2,678,078	2,674,866	3,212
Workers' compensation	390,734	373,848	350,798	23,050
Unemployment compensation	15,000	55,007	55,007	-
Salary contingency	30,000			-
Total Insurance and Benefits	<u>5,714,849</u>	<u>5,669,065</u>	<u>5,577,548</u>	<u>91,517</u>
Other:				
Contingency	165,000			-
South Windsor patriotic commission	13,500	13,500	13,484	16
Cemeteries	3,000	3,000	3,000	-
Wood Memorial Library	7,500	7,500	7,500	-
Total Other	<u>189,000</u>	<u>24,000</u>	<u>23,984</u>	<u>16</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Debt Service:				
Principal	\$ 3,455,000	\$ 3,455,000	\$ 3,455,000	\$ -
Interest	<u>1,586,925</u>	<u>1,586,925</u>	<u>1,576,659</u>	<u>10,266</u>
Total Debt service	<u>5,041,925</u>	<u>5,041,925</u>	<u>5,031,659</u>	<u>10,266</u>
Total expenditures	<u>94,312,095</u>	<u>94,591,541</u>	<u>93,408,209</u>	<u>1,183,332</u>
Other Financing Uses:				
Transfer Out	<u>1,261,605</u>	<u>982,159</u>	<u>982,159</u>	<u>-</u>
Total	\$ <u>95,573,700</u>	\$ <u>95,573,700</u>	94,390,368	\$ <u>1,183,332</u>
Budgetary expenditures are different from GAAP expenditures because:				
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes			(1,116,511)	
Contribution from the recreation fund not budgeted			100,000	
State on-behalf payments			4,774,520	
Bond issuance costs			<u>82,946</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>98,231,323</u>	

TOWN OF SOUTH WINDSOR, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND**

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Charges for services	\$ 2,933,256	\$ 2,933,256	\$ 3,180,966	\$ 247,710
Investment income	7,800	7,800	3,757	(4,043)
Miscellaneous			4,609	4,609
Total revenues	<u>2,941,056</u>	<u>2,941,056</u>	<u>3,189,332</u>	<u>248,276</u>
Expenditures:				
Full time salaries	740,566	740,566	731,424	9,142
Overtime	91,743	91,743	119,969	(28,226)
Longevity	1,820	1,820	850	970
Employee benefits	419,058	419,058	426,766	(7,708)
Office supplies	1,000	1,000	800	200
Operating material	147,500	147,500	160,499	(12,999)
Motor vehicle supplies	15,102	15,102	9,753	5,349
Uniforms and clothing	6,450	6,450	4,868	1,582
Fleet and equipment repair	80,650	80,650	54,146	26,504
Professional	193,000	193,000	190,626	2,374
Rental and leases	4,520	4,520	4,917	(397)
Utilities	366,400	366,400	430,224	(63,824)
Maintenance contracts	98,832	98,832	119,185	(20,353)
Repair and maintenance equipment	11,800	11,800	3,777	8,023
Contracted services	1,195	1,195		1,195
Fees and memberships	4,100	4,100	1,955	2,145
Contracted services	488,150	488,150	583,711	(95,561)
Office equipment	1,600	1,600		1,600
Department equipment	7,000	7,000		7,000
Boards and Commissions - Office supplies	100	100	108	(8)
Boards and Commissions - Advertising	600	600	1,143	(543)
Debt service	195,630	195,630	195,628	2
Total expenditures	<u>2,876,816</u>	<u>2,876,816</u>	<u>3,040,349</u>	<u>(163,533)</u>
Excess of Revenues over Expenditures	64,240	64,240	148,983	84,743
Other Financing Sources (Uses):				
Transfers in	23,000	23,000	12,474	(10,526)
Transfers out	<u>(87,240)</u>	<u>(87,240)</u>	<u>(87,240)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	74,217	\$ <u>74,217</u>
Fund Balance - July 1, 2010			<u>317,445</u>	
Fund Balance - June 30, 2011			\$ <u>391,662</u>	
<u>Reconciliation to GAAP Basis</u>				
	<u>Revenues</u>	<u>Expenditures</u>		
Balance, Budgetary Basis - June 30, 2011	\$ 3,189,332	\$ 3,040,349		
Encumbrances outstanding at June 30, 2010 liquidated and cancelled during the year ended June 30, 2011	(4,609)	2,297		
Encumbrances charged to budgetary expenditures during the year ended June 30, 2011		<u>(6,968)</u>		
Balance, GAAP Basis - June 30, 2011	\$ <u>3,184,723</u>	\$ <u>3,035,678</u>		

TOWN OF SOUTH WINDSOR, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 14,793,440	\$ 8,438,224
Property taxes receivable, net of allowance	2,412,957	2,383,536
Intergovernmental	517,024	2,024,813
Other accounts receivable	1,807,904	1,984,491
Due from other funds	1,120,229	997,454
Prepaid items	<u>4,836</u>	<u>24,839</u>
Total Assets	<u>\$ 20,656,390</u>	<u>\$ 15,853,357</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,449,642	\$ 2,029,403
Due to other funds	8,400,285	2,995,503
Deferred revenues	<u>4,429,339</u>	<u>5,137,362</u>
Total liabilities	<u>14,279,266</u>	<u>10,162,268</u>
Fund balance:		
Nonspendable	4,836	24,839
Assigned	2,940,494	1,216,571
Unassigned	<u>3,431,794</u>	<u>4,449,679</u>
Total fund balance	<u>6,377,124</u>	<u>5,691,089</u>
Total Liabilities and Fund Balance	<u>\$ 20,656,390</u>	<u>\$ 15,853,357</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

FOR THE YEAR ENDED JUNE 30, 2011

Grand List	Uncollected Taxes July 1, 2010	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2011
		Additions	Deductions			Taxes	Interest	Total	
2009	\$ 77,925,535	\$ 475,630	\$ 882,675		\$ 77,518,490	\$ 76,539,598	\$ 121,297	\$ 76,660,895	\$ 978,892
2008	1,104,861	1,268	26,303		1,079,826	550,931	143,685	694,616	528,895
2007	458,615	296	1,578		457,333	95,983	69,003	164,986	361,350
2006	321,585	7	2,174		319,418	34,269	32,275	66,544	285,149
2005	170,887	11	2,507		168,391	7,994	13,753	21,747	160,397
2004	163,802	46		72,584	91,264	9,430	11,064	20,494	81,834
2003	153,994		273	71,142	82,579	3,087	5,628	8,715	79,492
2002	75,882				75,882		4,779	4,779	75,882
2001	85,671				85,671	458	3,779	4,237	85,213
2000	79,968	85			80,053	85	3,522	3,607	79,968
1999	142,794		273		142,521	1,147	2,971	4,118	141,374
1998	84,715	99	375		84,439	1,751	8,931	10,682	82,688
1997	68,699		6		68,693	52		52	68,641
1996	63,291				63,291	54		54	63,237
1995	60,758				60,758	59	1,331	1,390	60,699
	<u>\$ 80,961,057</u>	<u>\$ 477,442</u>	<u>\$ 916,164</u>	<u>\$ 143,726</u>	<u>\$ 80,378,609</u>	<u>\$ 77,244,898</u>	<u>\$ 422,018</u>	<u>77,666,916</u>	<u>\$ 3,133,711</u>

Property taxes receivable considered available:

June 30, 2010

(267,557)

June 30, 2011

145,183

Total Property Tax Revenue

\$ 77,544,542

TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

	Special Revenue Funds						
	Town Aid Road	Volunteer Fire Department	Animal Control	Town Hall Grants	Public Works Funds	Police Funds	Fees in Lieu of Open Space
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$	\$ 1,309	\$
Investments							
Receivables:							
Accounts receivable							
Grants and contracts receivable							
Due from other funds	318,650			37,801	126,416	90,864	261,319
Other assets							
Total Assets	<u>\$ 318,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,801</u>	<u>\$ 126,416</u>	<u>\$ 92,173</u>	<u>\$ 261,319</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 57,204	\$	\$ 15,365	\$ 1,000	\$	\$ 225	\$
Due to other funds			10,787				
Unearned/deferred revenue							
Total liabilities	<u>57,204</u>	<u>-</u>	<u>26,152</u>	<u>1,000</u>	<u>-</u>	<u>225</u>	<u>-</u>
Fund Balances:							
Nonspendable							
Restricted	261,446			36,801	126,416	91,948	
Committed							261,319
Assigned							
Unassigned			(26,152)				
Total fund balances	<u>261,446</u>	<u>-</u>	<u>(26,152)</u>	<u>36,801</u>	<u>126,416</u>	<u>91,948</u>	<u>261,319</u>
Total Liabilities and Fund Balances	<u>\$ 318,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,801</u>	<u>\$ 126,416</u>	<u>\$ 92,173</u>	<u>\$ 261,319</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

	Special Revenue Funds						
	<u>Health Benefits Reserve</u>	<u>Library</u>	<u>Recreation</u>	<u>BOE</u>	<u>Education Grants</u>	<u>Cafeteria</u>	<u>BOE Accommodations</u>
ASSETS							
Cash and cash equivalents	\$	\$ 85,060	\$ 1,326,741	\$ 91,072	\$ 343,195	\$ 260,119	\$ 38,278
Investments		52,655					
Receivables:							
Accounts receivable							1,678
Grants and contracts receivable					83,105	42,729	
Due from other funds							
Other assets						39,341	
Total Assets	\$ -	\$ 137,715	\$ 1,326,741	\$ 91,072	\$ 426,300	\$ 342,189	\$ 39,956
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$ 1,393	\$	\$ 10,264	\$ 1,699	\$ 4,071
Due to other funds			725,459	50,600	392,359	102,685	
Unearned/deferred revenue			485,560		18,649	47,112	
Total liabilities	-	-	1,212,412	50,600	421,272	151,496	4,071
Fund Balances:							
Nonspendable						39,341	
Restricted					5,028		
Committed		137,715	114,329	40,472		151,352	35,885
Assigned							
Unassigned							
Total fund balances	-	137,715	114,329	40,472	5,028	190,693	35,885
Total Liabilities and Fund Balances	\$ -	\$ 137,715	\$ 1,326,741	\$ 91,072	\$ 426,300	\$ 342,189	\$ 39,956

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TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

	Special Revenue Funds					Total Nonmajor Governmental Funds
	High School Athletic Association	Human Services Fund	Community Use of Buildings	Juvenile Fire Safety Fund	Interfund Eliminations	
ASSETS						
Cash and cash equivalents	\$	\$	\$	\$	\$	\$ 2,145,774
Investments						52,655
Receivables:						
Accounts receivable			30,439			32,117
Grants and contracts receivable						125,834
Due from other funds	39,617	104,834	7,122	266	(76,887)	910,002
Other assets						39,341
Total Assets	\$ 39,617	\$ 104,834	\$ 37,561	\$ 266	\$ (76,887)	\$ 3,305,723
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	\$	\$ 297	\$	\$	\$ 91,518
Due to other funds					(76,887)	1,205,003
Unearned/deferred revenue						551,321
Total liabilities	-	-	297		(76,887)	1,847,842
Fund Balances:						
Nonspendable						39,341
Restricted		104,834		266		626,739
Committed	39,617		37,264			817,953
Assigned						
Unassigned						(26,152)
Total fund balances	39,617	104,834	37,264	266	-	1,457,881
Total Liabilities and Fund Balances	\$ 39,617	\$ 104,834	\$ 37,561	\$ 266	\$ (76,887)	\$ 3,305,723

TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Special Revenue Funds

	<u>Town Aid Road</u>	<u>Volunteer Fire Department</u>	<u>Animal Control</u>	<u>Town Hall Grants</u>	<u>Public Works Funds</u>	<u>Police</u>	<u>Fees in Lieu of Open Space</u>
Revenues:							
Intergovernmental	\$ 193,651	\$	\$	\$ 12,798	\$	\$ 49,305	\$
Charges for services and assessments			29,175			82,316	3,786
Investment earnings						3	
Miscellaneous				1,350	33,870		
Total revenues	<u>193,651</u>	<u>-</u>	<u>29,175</u>	<u>14,148</u>	<u>33,870</u>	<u>131,624</u>	<u>3,786</u>
Expenditures:							
Current:							
General government							
Public safety		57,095	15,759			125,070	
Public works	198,586			3,000	39,843		
Human services							
Culture and recreation							
Education							
Total expenditures	<u>198,586</u>	<u>57,095</u>	<u>15,759</u>	<u>3,000</u>	<u>39,843</u>	<u>125,070</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,935)</u>	<u>(57,095)</u>	<u>13,416</u>	<u>11,148</u>	<u>(5,973)</u>	<u>6,554</u>	<u>3,786</u>
Other Financing Sources (Uses):							
Transfer in					7,050		
Transfer out							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,050</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(4,935)	(57,095)	13,416	11,148	1,077	6,554	3,786
Fund Balances at Beginning of Year	<u>266,381</u>	<u>57,095</u>	<u>(39,568)</u>	<u>25,653</u>	<u>125,339</u>	<u>85,394</u>	<u>257,533</u>
Fund Balances at End of Year	<u>\$ 261,446</u>	<u>\$ -</u>	<u>\$ (26,152)</u>	<u>\$ 36,801</u>	<u>\$ 126,416</u>	<u>\$ 91,948</u>	<u>\$ 261,319</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds						
	Health Benefits Reserve	Library	Recreation	BOE	Education Grants	Cafeteria	BOE Accommodations
Revenues:							
Intergovernmental	\$	\$ 22,595	\$	\$	\$ 2,953,386	\$ 392,764	\$
Charges for services and assessments		25,975	1,396,896	82,250		1,356,512	1,247,528
Investment earnings	301	9,994					
Miscellaneous		41,836					
Total revenues	<u>301</u>	<u>100,400</u>	<u>1,396,896</u>	<u>82,250</u>	<u>2,953,386</u>	<u>1,749,276</u>	<u>1,247,528</u>
Expenditures:							
Current:							
General government							
Public safety							
Public works							
Human services							
Culture and recreation		50,337	1,436,562				
Education				93,755	2,953,386	1,791,678	1,315,746
Total expenditures	<u>-</u>	<u>50,337</u>	<u>1,436,562</u>	<u>93,755</u>	<u>2,953,386</u>	<u>1,791,678</u>	<u>1,315,746</u>
Excess (Deficiency) of Revenues over Expenditures	<u>301</u>	<u>50,063</u>	<u>(39,666)</u>	<u>(11,505)</u>	<u>-</u>	<u>(42,402)</u>	<u>(68,218)</u>
Other Financing Sources (Uses):							
Transfer in							
Transfer out	(116,503)	(25,776)	(112,474)				
Total other financing sources (uses)	<u>(116,503)</u>	<u>(25,776)</u>	<u>(112,474)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(116,202)	24,287	(152,140)	(11,505)	-	(42,402)	(68,218)
Fund Balances at Beginning of Year	<u>116,202</u>	<u>113,428</u>	<u>266,469</u>	<u>51,977</u>	<u>5,028</u>	<u>233,095</u>	<u>104,103</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 137,715</u>	<u>\$ 114,329</u>	<u>\$ 40,472</u>	<u>\$ 5,028</u>	<u>\$ 190,693</u>	<u>\$ 35,885</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds					Total Nonmajor Governmental Funds
	High School Athletics Association	Human Services Fund	Community Use of Buildings	Juvenile Fire Safety Fund	Interfund Eliminations	
Revenues:						
Intergovernmental	\$	\$ 39,961	\$	\$ 1,005	\$	\$ 3,665,465
Charges for services and assessments	57,899	72,447	107,639			4,462,423
Investment earnings						10,298
Miscellaneous		53,988				131,044
Total revenues	<u>57,899</u>	<u>166,396</u>	<u>107,639</u>	<u>1,005</u>	<u>-</u>	<u>8,269,230</u>
Expenditures:						
Current:						
General government						
Public safety				739		198,663
Public works						241,429
Human services		140,610				140,610
Culture and recreation						1,486,899
Education	50,505		103,347			6,308,417
Total expenditures	<u>50,505</u>	<u>140,610</u>	<u>103,347</u>	<u>739</u>	<u>-</u>	<u>8,376,018</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,394</u>	<u>25,786</u>	<u>4,292</u>	<u>266</u>	<u>-</u>	<u>(106,788)</u>
Other Financing Sources (Uses):						
Transfer in						7,050
Transfer out						(254,753)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(247,703)</u>
Net Change in Fund Balance	7,394	25,786	4,292	266		(354,491)
Fund Balances at Beginning of Year	<u>32,223</u>	<u>79,048</u>	<u>32,972</u>			<u>1,812,372</u>
Fund Balances at End of Year	<u>\$ 39,617</u>	<u>\$ 104,834</u>	<u>\$ 37,264</u>	<u>\$ 266</u>	<u>\$ -</u>	<u>\$ 1,457,881</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - RECREATION FUND**

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Charges for services:				
Day camp	\$ 370,284	\$ 370,284	\$ 398,530	\$ 28,246
Veterans' memorial park	283,915	283,915	262,513	(21,402)
4th R Revenue	682,350	382,350	361,217	(21,133)
Outdoor	33,297	33,297	28,113	(5,184)
Indoor	176,390	176,390	167,905	(8,485)
Social/cultural	154,775	154,775	145,767	(9,008)
Recreation facilities	31,825	31,825	32,851	1,026
Miscellaneous			2,889	2,889
	<u>1,732,836</u>	<u>1,432,836</u>	<u>1,399,785</u>	<u>(33,051)</u>
Total revenues				
Expenditures:				
Current:				
Day camp	367,357	367,357	372,197	(4,840)
4th R Personal Services	661,658	661,658	398,693	262,965
Veterans' memorial park	304,569	304,569	275,194	29,375
Outdoor	34,610	34,610	27,662	6,948
Indoor	181,572	177,768	170,819	6,949
Social/cultural	158,305	162,109	161,645	464
Recreation facilities	47,855	47,855	40,030	7,825
Contingency	30,000	30,000		30,000
	<u>1,785,926</u>	<u>1,785,926</u>	<u>1,446,240</u>	<u>339,686</u>
Total expenditures				
Deficiency of Revenues over Expenditures	(53,090)	(353,090)	(46,455)	306,635
Other Financing Uses:				
Transfers out	<u>(112,474)</u>	<u>(112,474)</u>	<u>(112,474)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (165,564)</u>	<u>\$ (465,564)</u>	(158,929)	<u>\$ 306,635</u>
Fund Balance - June 30, 2010			<u>260,972</u>	
Fund Balance - June 30, 2011			<u>\$ 102,043</u>	
<u>Reconciliation to GAAP Basis</u>				
	<u>Revenues</u>	<u>Expenditures</u>		
Balance, Budgetary Basis - June 30, 2011	\$ 1,399,785	\$ 1,446,240		
Encumbrances outstanding at June 30, 2010 liquidated and cancelled during the year ended June 30, 2011	(2,889)	2,608		
Encumbrances charged to budgetary expenditures during the year ended June 30, 2011		<u>(12,286)</u>		
Balance, GAAP Basis - June 30, 2011	<u>\$ 1,396,896</u>	<u>\$ 1,436,562</u>		

TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

JUNE 30, 2011

	<u>Student Activities</u>	<u>Performance Bonds</u>	<u>Total Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 357,880	\$ 505,087	\$ 862,967
Due from other funds	<u>3,500</u>	<u> </u>	<u>3,500</u>
Total assets	<u>\$ 361,380</u>	<u>\$ 505,087</u>	<u>\$ 866,467</u>
Liabilities:			
Due to others	<u>\$ 361,380</u>	<u>\$ 505,087</u>	<u>\$ 866,467</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
School Activities Fund				
Assets:				
Cash and cash equivalents	\$ 375,872	\$ 1,096,688	\$ 1,114,680	\$ 357,880
Due from other funds	<u> </u>	<u>3,500</u>	<u> </u>	<u>3,500</u>
Total assets	<u>\$ 375,872</u>	<u>\$ 1,100,188</u>	<u>\$ 1,114,680</u>	<u>\$ 361,380</u>
Liabilities:				
Due to others	<u>\$ 375,872</u>	<u>\$ 1,100,188</u>	<u>\$ 1,114,680</u>	<u>\$ 361,380</u>
Performance Bond Fund				
Assets:				
Cash and cash equivalents	<u>\$ 659,272</u>	<u>\$ 179,182</u>	<u>\$ 333,367</u>	<u>\$ 505,087</u>
Liabilities:				
Due to others	<u>\$ 659,272</u>	<u>\$ 179,182</u>	<u>\$ 333,367</u>	<u>\$ 505,087</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 1,035,144	\$ 1,275,870	\$ 1,448,047	\$ 862,967
Due from other funds	<u> </u>	<u>3,500</u>	<u> </u>	<u>3,500</u>
Total assets	<u>\$ 1,035,144</u>	<u>\$ 1,279,370</u>	<u>\$ 1,448,047</u>	<u>\$ 866,467</u>
Liabilities:				
Due to other groups	<u>\$ 1,035,144</u>	<u>\$ 1,279,370</u>	<u>\$ 1,448,047</u>	<u>\$ 866,467</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

FOR THE YEAR ENDED JUNE 30, 2011

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2011	\$ 77,666,916
Tax relief for the elderly	<u>2,000</u>
BASE	<u>\$ 77,668,916</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 174,755,061	\$	\$	\$	\$
4-1/2 times base		349,510,122			
3-3/4 times base			291,258,435		
3-1/4 times base				252,423,977	
3 times base					233,006,748
Total debt limitation	<u>174,755,061</u>	<u>349,510,122</u>	<u>291,258,435</u>	<u>252,423,977</u>	<u>233,006,748</u>
Indebtedness:					
Bonds and notes payable	20,856,000	12,224,000	2,110,939		
CWF short term notes			25,297,737		
Authorized, unissued bonds			17,047,625		
Total indebtedness	<u>20,856,000</u>	<u>12,224,000</u>	<u>44,456,301</u>	-	-
Less amounts to be provided by the state and other		(302,318)			
Net indebtedness	<u>20,856,000</u>	<u>11,921,682</u>	<u>44,456,301</u>	-	-
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 153,899,061</u>	<u>\$ 337,588,440</u>	<u>\$ 246,802,134</u>	<u>\$ 252,423,977</u>	<u>\$ 233,006,748</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$543,682,412).