

**TOWN OF WOLCOTT, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

# TOWN OF WOLCOTT, CONNECTICUT

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## Independent Auditors' Report

To the Town Council  
Town of Wolcott, 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 Wolcott, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town of Wolcott, 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 Wolcott, 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 November 17, 2011 on our consideration of the Town of Wolcott, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 10, and the budgetary comparison information on pages 48 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 Wolcott, 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.*

November 17, 2011

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

This discussion and analysis of the Town of Wolcott, 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 decreased by \$392,309 or .69%.
- During the year, the Town had expenses that were \$392,309 more than the \$57,005,597 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$57,397,906 with no new programs added this year.
- The General Fund reported a fund balance this year of \$2,497,372. The unassigned Fund Balance increased by \$431,506 from \$1,903,876 to \$2,335,382.
- The resources available for appropriation were \$1,917,157 less than budgeted for the General Fund. This revenue shortfall was offset by \$1,931,594 of Federal Stimulus dollars passed through by the State of Connecticut directly to the Town's Board of Education. Expenditures were under spent by \$2,348,663, thereby contributing to the \$431,506 increase to the General Fund's unassigned fund balance.

**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, is 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, culture and recreation, health and welfare, 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 Council establishes many other funds to help control and manage financial activities for particular purposes (like the Sewer Usage Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received for education from the state and federal governments). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental funds (Exhibit 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 in the fund financial statements.
- *Proprietary funds (Exhibit V, VI and 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. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities, such as the Town's self-insured medical plan.
- *Fiduciary funds (Exhibit VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. 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 combined net assets decreased from a year ago, from \$56,857,702 to \$56,465,393. 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**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Current and other assets	\$ 24,918,552	\$ 26,889,044
Capital assets, net of accumulated depreciation	74,004,751	75,604,970
Total assets	<u>98,923,303</u>	<u>102,494,014</u>
Long-term liabilities outstanding	38,591,117	36,570,071
Other liabilities	3,866,793	9,066,241
Total liabilities	<u>42,457,910</u>	<u>45,636,312</u>
Net Assets:		
Invested in capital assets, net of related debt	43,006,337	41,386,242
Unrestricted	<u>13,459,056</u>	<u>15,471,460</u>
Total Net Assets	<u>\$ 56,465,393</u>	<u>\$ 56,857,702</u>

Net assets of the Town's governmental activities decreased \$392,309, a .69% decrease (\$56,465,393 compared to \$56,857,702). 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 \$2,012,404 from \$15,471,460 at June 30, 2010 to \$13,459,056 at the end of this year.

**TABLE 2  
CHANGE IN NET ASSETS**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Revenues:		
Program revenues:		
Charges for services	\$ 3,312,140	\$ 3,571,567
Operating grants and contributions	19,567,653	19,258,795
Capital grants and contributions	1,866,257	360,036
General revenues:		
Property taxes	31,360,406	31,303,773
Grants and contributions not restricted to specific purposes	643,799	601,251
Unrestricted investment earnings	21,118	46,872
Other general revenues	234,224	61,773
Total revenues	57,005,597	55,204,067
Expenses:		
General government	6,341,207	6,502,208
Public safety	5,317,260	4,998,920
Public works	3,858,043	3,772,717
Health and welfare	226,266	296,206
Culture and recreation	1,223,458	982,137
Education	38,916,414	37,560,221
Interest on long-term debt	1,515,258	1,367,468
Total expenses	57,397,906	55,479,877
Decrease in Net Assets	\$ (392,309)	\$ (275,810)

The Town's total revenues were \$57,005,597. The total cost of all programs and services was \$57,397,906. Our analysis below separately considers the operations of governmental activities.

**Governmental Activities**

Total revenues realized by the Town were \$57,005,597 for the 2011 Fiscal Year, an increase of \$1,801,530 or 3.3% from last year. Capital grants and contributions increased mainly due to grants received for improvements to Hitchcock & Cedar Lake, the Public Works Garage, Long Swamp Road and Tosun Road. Property taxes increased as a result of collections for prior year levies.

Table 3 presents the cost of each of the Town's five largest programs - general government, public safety, public works, culture and recreation, and education - 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	\$ 6,341,207	\$ 6,502,208	\$ 5,991,869	\$ 6,124,198
Public safety	5,317,260	4,998,920	5,053,142	4,758,346
Public works	3,858,043	3,772,717	1,385,508	2,310,717
Culture and recreation	1,223,458	982,137	612,480	286,599
Education	38,916,414	37,560,221	18,063,248	17,379,321
All others	1,741,524	1,663,674	1,545,609	1,430,298
Total	<u>\$ 57,397,906</u>	<u>\$ 55,479,877</u>	<u>\$ 32,651,856</u>	<u>\$ 32,289,479</u>

**Town Funds Financial Analysis**

**Governmental Funds**

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$7,497,717, representing an increase of \$4,923,401 from last year's total of \$2,574,316. Included in this year's total change in fund balance is an increase of \$4,111,082 in the Town's Capital Improvement Fund resulting from the Town's permanent bonding in August 2010. Prior to permanent bonding, Bond Anticipation Notes are recorded as a liability. The Capital Improvement Fund at June 30, 2010 listed a negative fund balance of \$3,465,507 compared to a positive fund balance at June 30, 2011 of \$645,575.

Also included in this year's total change in fund balance is an increase of \$504,008 in the Town's General Fund and a combined increase of \$234,187 in the Water Assessment Fund and Nonmajor Governmental Funds. The Town's earned revenues were below budgeted estimates by \$1,917,157 as reflected in RSI-1. This budgetary shortfall was offset by reported expenditures that were \$2,348,663 less than budgeted for as reflected in RSI-2. The General Fund's \$2,348,663 favorable variance when compared with budgetary expenditure estimates is attributable to favorable variances spread throughout the Town's departmental budgets.

The Town's General Fund balance of \$2,497,372 reported on Exhibit III differs from the General Fund's budgetary fund balance of \$2,335,382. This is because the budgetary fund balance includes \$161,990 of outstanding encumbrances at year end that are reported as expenditures for budgetary purposes. The General Fund's unassigned fund balance increased from \$1,903,876 at June 30, 2010 to \$2,335,382 at June 30, 2011 for an increase of \$431,506. The General Fund's total fund balance of \$2,497,372 represents 5.3% of the General Fund's expenditures and other financing uses incurred during the year as compared with 4.3% at the end of the prior fiscal year.

**Proprietary Funds**

The Town's Internal Service Fund accounts for the charges to other units of the Town and employees to fund the self-insured medical plan of the Town, including the Board of Education. The risk management claim estimated liability for incurred but not reported claims at June 30, 2011 is \$442,184, an increase of \$5,649 from June 30, 2010. The fund's unrestricted net assets increased by \$44,297 from \$1,173,807 to \$1,218,104 as indicated on Exhibits V and VI.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2011 the Town had \$74,004,751 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines (see Table 4). This amount represents a net decrease (including additions, deductions and depreciation) of \$1,600,219 over last year.

**TABLE 4**  
**CAPITAL ASSETS (Net of Depreciation)**

	Governmental Activities	
	2011	2010
Land	\$ 3,695,726	\$ 3,533,226
Land improvements	1,707,581	1,789,143
Buildings	34,724,867	35,439,668
Vehicles, machinery and equipment	6,196,096	7,046,986
Infrastructure	24,834,625	25,469,384
Construction in progress	2,845,856	2,326,563
Total	<u>\$ 74,004,751</u>	<u>\$ 75,604,970</u>

Major changes to capital assets included the completion of the Youth Center building in August 2010. Also, property was purchased at 358 Woodtick Road, and reconstruction of Long Swamp Road was accomplished through grant proceeds.

Grant proceeds of \$72,508 were used to improve the heating system at the Public Works facility along with energy conservation measures in the form of new overhead doors and lighting improvements. The service lives of four Public Works dump trucks were extended through the installation of new truck bodies at a cost of \$30,000. The mobile computer upgrades were completed at the Police Department.

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

**Long-Term Debt**

At June 30, 2011, the Town had \$28,545,000 in bonds outstanding versus \$27,105,000 last year, an increase of 5.3%, as shown in Table 5.

**TABLE 5  
OUTSTANDING DEBT**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
General Obligation Bonds (Backed by the Town)	\$ 28,545,000	\$ 27,105,000

On August 10, 2009, the Town issued bond anticipation notes totaling \$4,700,000 for the following purposes:

Emergency Communications Center	\$ 3,725,000
New Municipal Building - 48 Todd Road	550,000
Property Purchase - 439 Bound Line Road	425,000
	<u>\$ 4,700,000</u>

The bond anticipation notes matured on August 9, 2010. The Town issued General Obligation Bonds on August 9, 2010 for a total of \$4,465,000, which was net of a \$235,000 bonded pay down due on the bond anticipation note dated August 10, 2009.

The Town's general obligation bond rating was recalibrated by Moody's Investors Service to A1 from A3, a rating that had been assigned by national rating agencies to the Town's debt since 1960. The recalibration was industry wide and does not reflect an improvement in the Town's bond rating. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$221 million state-imposed limit.

Other long-term obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

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

The Town's elected and appointed officials considered many factors when setting the Fiscal Year 2012 budget tax rates. One of those factors is the economy. The Town's employment base had remained stable for many years. The unemployment rate in the Town improved slightly. It now stands at 9.0% as compared to 9.7% a year ago. This compares with the State's unemployment rate of 9.1% and the national rate of 9.2%.

Inflation in Connecticut increased over the National Consumer Price Index. Connecticut's CPI for June 2011 was 5.1% compared with the U.S. Town average of 4.5% and a national average of 4.7% in 2011.

These indicators were taken into account when adopting the General Fund budget for 2011-12. The 2011-12 expenditure budget was approved by the Wolcott Town Council in the amount of \$48,298,569, a \$734,517 decrease from the 2010-11 budget. General Government was approved for \$16,827,593. Major changes included a decrease in fringe benefits of \$208,000, debt service experienced a net savings of \$441,000 and wages decreased by 21,000. Through the expenditure budget a payment was made to the Capital Non-Recurring fund of \$110,000. The payment to the Capital Non-Recurring fund may be made with the recommendation of the Mayor and approval of the Town Council. Payments from the Capital Non-Recurring fund require Town meeting approval. The Board of Education expenditure budget remained level at \$31,470,976.

Estimated revenues for 2011-12, excluding property taxes, totaled \$17,230,596. The amount to be raised by current property taxes is \$30,442,973, with back tax collections estimated at \$625,000. The General Fund's unassigned fund balance as of June 30, 2011 is \$2,335,382, an increase of \$431,506.

The 2011-12 mill rate was set at 22.68 mills on a net grand list of \$1,362,623,382 reduced to a 98.5% grand list collection rate of \$1,342,184,031. This compares to a 98.5% grand list collection rate for 2010-11 of \$1,344,853,588.

### **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 the Finance Department, Town of Wolcott, 10 Kenea Avenue, Wolcott, Connecticut 06716.

## TOWN OF WOLCOTT, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 9,864,590
Receivables, net	13,492,956
Deferred charges	1,488,978
Other assets	72,028
Capital assets:	
Assets not being depreciated	6,541,582
Assets being depreciated, net	67,463,169
Total assets	<u>98,923,303</u>
Liabilities:	
Accounts and other payables	2,462,789
Due to fiduciary funds	14,000
Unearned revenue	1,390,004
Noncurrent liabilities:	
Due within one year	2,789,322
Due in more than one year	35,801,795
Total liabilities	<u>42,457,910</u>
Net Assets:	
Invested in capital assets, net of related debt	43,006,337
Unrestricted	<u>13,459,056</u>
Total Net Assets	<u>\$ 56,465,393</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WOLCOTT, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes In Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 6,341,207	\$ 300,316	\$ 49,022	\$ (5,991,869)
Public safety	5,317,260	233,105	27,910	(5,053,142)
Public works	3,858,043	883,420	200,454	(1,385,508)
Health and welfare	226,266		195,915	(30,351)
Culture and recreation	1,223,458	588,638	15,691	(612,480)
Education	38,916,414	1,306,661	19,078,661	(18,063,248)
Interest on long-term debt	1,515,258			(1,515,258)
Total Governmental Activities	<u>\$ 57,397,906</u>	<u>\$ 3,312,140</u>	<u>\$ 19,567,653</u>	<u>\$ (32,651,856)</u>
General revenues:				
Property taxes				31,360,406
Grants and contributions not restricted to specific programs				643,799
Unrestricted investment earnings				21,118
Miscellaneous				234,224
Total general revenues				<u>32,259,547</u>
Change in net assets				(392,309)
Net Assets at Beginning of Year				<u>56,857,702</u>
Net Assets at End of Year				<u>\$ 56,465,393</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WOLCOTT, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2011**

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Water Assessments Fund</u>	<u>Small Cities Grant Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,200,943	\$ 1,001,548	\$ 1,769,442	\$ 80,034	\$ 2,234,863	\$ 8,286,830
Accounts receivable, net	7,361,517	479,596	2,513,279	1,871,845	1,184,191	13,410,428
Due from other funds	547,819	8,390			89,927	646,136
Inventories					21,958	21,958
Total Assets	<u>\$ 11,110,279</u>	<u>\$ 1,489,534</u>	<u>\$ 4,282,721</u>	<u>\$ 1,951,879</u>	<u>\$ 3,530,939</u>	<u>\$ 22,365,352</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 761,372	\$ 35,233		\$ 31,086	\$ 487,142	\$ 1,314,833
Due to other funds	112,317	434,364			113,455	660,136
Deferred revenue	7,739,218	374,362	2,513,279	1,846,669	419,138	12,892,666
Total liabilities	<u>8,612,907</u>	<u>843,959</u>	<u>2,513,279</u>	<u>1,877,755</u>	<u>1,019,735</u>	<u>14,867,635</u>
Fund balances:						
Nonspendable					21,958	21,958
Restricted		645,575		74,124	151,644	871,343
Committed			1,769,442		2,432,578	4,202,020
Assigned	161,990					161,990
Unassigned	2,335,382				(94,976)	2,240,406
Total fund balances	<u>2,497,372</u>	<u>645,575</u>	<u>1,769,442</u>	<u>74,124</u>	<u>2,511,204</u>	<u>7,497,717</u>
Total Liabilities and Fund Balances	<u>\$ 11,110,279</u>	<u>\$ 1,489,534</u>	<u>\$ 4,282,721</u>	<u>\$ 1,951,879</u>	<u>\$ 3,530,939</u>	<u>\$ 22,365,352</u>

(Continued on next page)

## TOWN OF WOLCOTT, 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	\$ 7,497,717
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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	\$ 130,899,684	
Less accumulated depreciation	<u>(56,894,933)</u>	
Net capital assets		74,004,751

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

Bond issuance costs	50,070
Deferred charges - sewer treatment plant	1,488,978
Property tax receivables greater than 60 days	786,816
Interest receivable on property taxes	245,740
Assessments receivable	2,513,279
Loans receivable	1,846,669
Receivable from the State for school construction projects	5,748,790
Other receivables	361,368

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.

	1,218,104
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(28,545,000)
Premium on bonds payable	(1,200,697)
Deferred charges on refunding	984,471
State of Connecticut - serial notes payable	(1,488,978)
Interest payable on bonds and notes	(705,772)
Heart and hypertension obligations	(1,598,952)
Compensated absences	(2,587,942)
Retirement obligations	(12,825)
Capital leases	(748,210)
Net pension obligation	(375,250)
Net OPEB obligation	<u>(3,017,734)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 56,465,393</u>
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The accompanying notes are an integral part of the financial statements



**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Water Assessments Fund</u>	<u>Small Cities Grant Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
General property taxes	\$ 31,582,744	\$	\$	\$	\$	\$ 31,582,744
Licenses, permits and other charges	320,916				27,543	348,459
Intergovernmental revenues	17,156,857	525,943		145,176	4,066,349	21,894,325
Charges for services	351,864		569,177		3,021,944	3,942,985
Investment income	14,114	1,238	1,539	104	2,498	19,493
Other	215,775	71,287		22,709	230,048	539,819
Total revenues	<u>49,642,270</u>	<u>598,468</u>	<u>570,716</u>	<u>167,989</u>	<u>7,348,382</u>	<u>58,327,825</u>
Expenditures:						
Current:						
General government	5,713,727				98,734	5,812,461
Public safety	4,696,609				129,710	4,826,319
Public works	2,139,847				876,745	3,016,592
Health and welfare	150,933			177,571	4,128	332,632
Culture and recreation	651,852				540,337	1,192,189
Education	32,768,203				5,005,250	37,773,453
Capital outlay		962,004			170,721	1,132,725
Debt service	3,662,106				258,247	3,920,353
Total expenditures	<u>49,783,277</u>	<u>962,004</u>	<u>-</u>	<u>177,571</u>	<u>7,083,872</u>	<u>58,006,724</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(141,007)</u>	<u>(363,536)</u>	<u>570,716</u>	<u>(9,582)</u>	<u>264,510</u>	<u>321,101</u>
Other Financing Sources (Uses):						
Transfers in	768,715	377,336			26,000	1,172,051
Transfers out	(261,000)	(367,718)	(318,621)		(224,712)	(1,172,051)
Issuance of refunding bonds	12,785,000					12,785,000
Payment to refunded bond escrow agent	(13,903,475)					(13,903,475)
Premium on refunding bonds	1,255,775					1,255,775
Issuance of bonds		4,465,000				4,465,000
Total other financing sources (uses)	<u>645,015</u>	<u>4,474,618</u>	<u>(318,621)</u>	<u>-</u>	<u>(198,712)</u>	<u>4,602,300</u>
Net Change in Fund Balances	504,008	4,111,082	252,095	(9,582)	65,798	4,923,401
Fund Balances at Beginning of Year	<u>1,993,364</u>	<u>(3,465,507)</u>	<u>1,517,347</u>	<u>83,706</u>	<u>2,445,406</u>	<u>2,574,316</u>
Fund Balances at End of Year	<u>\$ 2,497,372</u>	<u>\$ 645,575</u>	<u>\$ 1,769,442</u>	<u>\$ 74,124</u>	<u>\$ 2,511,204</u>	<u>\$ 7,497,717</u>

(Continued on next page)

## TOWN OF WOLCOTT, 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 - 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) \$ 4,923,401

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	1,217,448
Depreciation expense	(2,817,667)

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 and adjustments	(697,545)
Property tax receivable - accrual basis change	(103,693)
Property tax interest and lien revenue - accrual basis change	(118,645)
Loans receivable - accrual basis change	111,143
Assessments receivable - accrual basis change	(417,918)
Other receivables - accrual basis change	13,946

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 issuance	(17,250,000)
Bond principal payments	15,810,000
Premium on bond issuance	(1,255,775)
Deferred issuance costs	720,775
Amortization of deferred amount on refunding	(68,526)
Amortization of premium	55,078
Deferred bond issuance costs	(6,258)
State of Connecticut - serial note payments	158,638
Accrued interest on bonds and serial notes	(361,134)
Capital lease payments	350,124

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:

Change in long-term heart and hypertension obligations	22,252
Change in long-term compensated absences	(65,642)
Change in long-term retirement obligations	31,757
Deferred charge amortization	(158,638)
Net OPEB expense	(782,105)
Net pension expense	252,378

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.

44,297

Change in Net Assets of Governmental Activities (Exhibit II) \$ (392,309)

The accompanying notes are an integral part of the financial statements

## TOWN OF WOLCOTT, CONNECTICUT

## STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2011

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Assets:	
Cash and cash equivalents	\$ 1,577,760
Accounts receivable, net	82,528
Total assets	<u>1,660,288</u>
Liabilities:	
Current:	
Risk management claims	<u>442,184</u>
Net Assets:	
Unrestricted	\$ <u><u>1,218,104</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WOLCOTT, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
Operating Revenues:	
Fund premiums	\$ 5,328,070
Employee contributions	1,560,130
Total operating revenues	<u>6,888,200</u>
Operating Expenses:	
Employee claims	6,263,802
Premiums	195,191
Administrative expense	397,121
Total operating expenses	<u>6,856,114</u>
Operating Income	32,086
Nonoperating Income:	
Income on investments	<u>12,211</u>
Change in Net Assets	44,297
Net Assets at Beginning of Year	<u>1,173,807</u>
Net Assets at End of Year	<u>\$ 1,218,104</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u><b>Governmental Activities Internal Service Fund</b></u>
Cash Flows from Operating Activities:	
Cash received from premiums	\$ 5,246,323
Cash received from employees	1,560,130
Cash payments to providers of benefits	(6,850,465)
Net cash used in operating activities	<u>(44,012)</u>
Cash Flows from Investing Activities:	
Income on investments	<u>12,211</u>
Net Decrease in Cash and Cash Equivalents	(31,801)
Cash and Cash Equivalents at Beginning of Year	<u>1,609,561</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,577,760</u></u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities:	
Operating income	\$ 32,086
Adjustments to reconcile operating income to net cash used in operating activities:	
(Increase) in accounts receivable	(81,747)
Decrease in risk management claims reserve	<u>5,649</u>
Net Cash Used in Operating Activities	<u><u>\$ (44,012)</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WOLCOTT, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2011

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Fund Scholarship Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 2,679,245	\$ 12,787	\$ 420,409
Investments:			
Certificate of deposits	199,596	234,885	
Corporate bonds	611,408		
Guaranteed annuity contracts	4,909,450		
Mutual funds	12,876,244		
Due from other funds			<u>14,000</u>
Total assets	<u>21,275,943</u>	<u>247,672</u>	<u>\$ 434,409</u>
Liabilities:			
Deposits held for others			<u>\$ 434,409</u>
Net Assets:			
Held in trust for pension benefits and other purposes	<u>\$ 21,275,943</u>	<u>\$ 247,672</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF WOLCOTT, CONNECTICUT

## STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund  Scholarship Fund</b>
	<u>          </u>	<u>          </u>
Additions:		
Contributions:		
Employer	\$ 1,736,083	\$
Plan members/contributions	84,927	9,952
Total contributions	<u>1,821,010</u>	<u>9,952</u>
Investment income:		
Net increase in fair value of investments	2,185,803	
Interest and dividends	416,652	8,396
Net investment earnings	2,602,455	8,396
Less investment fee expense	88,929	
Net increase in investments	<u>2,513,526</u>	<u>8,396</u>
Total additions	<u>4,334,536</u>	<u>18,348</u>
Deductions:		
Benefits	1,408,802	
Administration	39,372	
Scholarship awards		22,155
Total deductions	<u>1,448,174</u>	<u>22,155</u>
Net Increase (Decrease) in Net Assets	2,886,362	(3,807)
Net Assets Held in Trust for Pension Benefits/Trust Purposes at Beginning of Year	<u>18,389,581</u>	<u>251,479</u>
Net Assets Held in Trust for Pension Benefits/Trust Purposes at End of Year	<u>\$ 21,275,943</u>	<u>\$ 247,672</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF WOLCOTT, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Wolcott, Connecticut (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 operates under the provisions of its Charter and the General Statutes of the State of Connecticut.

The Town provides the following services: general government, public safety, public works and highways, parks, recreation, library, health and human services, and education.

The legislative power of the Town is vested in the Town Council, which consists of nine members. The Mayor, who is the chief executive officer, is directly responsible for the administration of all departments, agencies and offices. The Department of Finance, under the supervision of the Finance Director, is responsible for keeping accounts and financial records and control over expenditures. The elected Tax Collector is responsible for the collection of taxes and special assessments. The elected Town Treasurer is responsible for the custody of Town funds and has all power and duties conferred or imposed by law. The elected Board of Education is responsible for the operation of the school system.

The Town has the power to incur indebtedness by issuing bonds and notes as provided by the Connecticut General Statutes.

The Town is a participant in two joint ventures as described below:

#### **Tunxis Recycling Operating Committee**

The Town is a participant with thirteen (13) other cities and towns in a joint venture, the Tunxis Recycling Operating Committee (TROC). TROC is responsible for the development, operations and management of a solid waste recycling program for all participating communities. The governing board consists of City officials appointed by each of the participating municipalities and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement amended and restated as of August 30, 1994. Expenditures of \$30,593 were incurred in 2010-11 related to the Town's participation in TROC.

The unassigned fund balance for fiscal year ended June 30, 2011 as reflected in TROC's financial statements is \$1.1 million. A complete set of financial statements for TROC can be obtained from TROC's administrative office at 43 Enterprise Drive, Bristol, Connecticut.

#### **Bristol Resource Recovery Facility Operating Committee**

The Town is a participant with thirteen (13) other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an intercommunity agreement to exercise certain rights on behalf of contracting municipalities in dealing with the trash to energy plant built by Ogden Martin Systems of Bristol, Inc., now known as Covanta Bristol, Inc. (Covanta) in Bristol, Connecticut. The governing board consists of City officials appointed by each of the participating municipalities and assumes all the management decisions. The Town has an



obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town expenditures to BRRFOC amounted to \$536,452 this year. The unassigned fund balance for fiscal year ended June 30, 2011 as reflected in BRRFOC's financial statements is \$7.1 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

In April 2005, BRRFOC issued \$41,920,000 in Solid Waste Revenue Refunding Bonds with interest rates varying from 3.0% to 5.0% to currently refund \$46,670,000 of outstanding special obligation bonds of the Connecticut Development Authority. The proceeds from the original bonds were loaned by the Authority to Covanta. Under the Service Agreement, the service fee is an obligation of the Contracting Municipalities to which each has pledged its full faith and credit. The current balance of the bonds outstanding is \$20,955,000.

## **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.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds 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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 Improvement Fund* accounts for the proceeds of general obligation bonds and capital grants for various construction, renovation and improvement projects.

The *Water Assessments Fund* accounts for the proceeds of water line assessments used to fund debt service costs related to waterline extension projects within the Town. The major source of revenue is water assessments.

The *Small Cities Grant Programs Fund* accounts for the proceeds of State of Connecticut Department of Economic and Community Development (DECD) grant funds. The majority of these funds are used for loans to low-income residents for home repairs. The major source of revenue is grants from DECD.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for the Town's self-insured medical and dental activities.

The *Pension Trust Funds* account for the activities of the Town's Retirement System, which accumulates resources for pension benefit payments to qualified Town and Board of Education employees.

The *Private Purpose Trust Fund* accounts for the activities of the Board of Education scholarship award program, which accounts for donations received and restricted for scholarship awards to students.

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.

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

When both restricted and unrestricted resources are available for use, it is the 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.” All trade and property tax receivables, including those for water and sewer fees and assessments, are shown net of an allowance for uncollectibles.

The allowances are computed based on historical data.

Property taxes are assessed as of October 1 and payable on July 1st. Property tax bills over \$501 are due in two installments, July 1 and January 1, except for motor vehicle bills, which are due and payable July 1. Assessments for real and personal property, including motor vehicles, are computed at 70% of assessed value. Interest on delinquent taxes is charged at a rate of 1.5% per month. Property tax revenues are recognized when they become available. Available means due or past due and collectible 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. If taxes are unpaid prior to June 30 following the due date, a lien is placed upon real property. An amount of \$125,493 has been established as an allowance for uncollected taxes. At June 30, 2011, this represents 11% of all property taxes receivable.

## F. Inventories

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

## 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 columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five 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 are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	50
Machinery and equipment	5-15
Infrastructure	10-50

## H. Compensated Absences

Employees can accumulate additional amounts of unused vacation and sick leave (as determined by individual union contracts) until termination of their employment. At termination, pay-out provisions as determined by individual union contracts provide for payments to vested employees.

## **I. Long-Term Obligations**

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

The Town does not have a minimum fund balance policy regarding unassigned fund balance.

## **K. Accounting Estimates**

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

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

A budget for the General Fund is authorized annually by the Town. Except for encumbrances and accrued payroll at June 30, the budget is prepared on a modified accrual basis of accounting. Generally, all unencumbered appropriations lapse at year end, except those for capital improvements and nonrecurring expenditures (Capital Projects). Appropriations for Capital Projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Estimates of revenues and expenditures are prepared by each department, office or agency of the Town, supported wholly or in part from Town funds or for which a specific Town appropriation is made, including the Board of Education. These estimates are submitted to the Mayor at least 90 days before the end of the fiscal year. No later than 90 days before the end of the fiscal year, the Mayor presents the budget to the Town Council. Not less than 30 days before the beginning of the fiscal year, the Council holds a public hearing on the budget. Not less than 20 days before the beginning of the fiscal year, the Council adopts an operating budget.

Transfers within the approved budget for any fiscal year may be made upon the recommendation of the Mayor with approval by the Council. Expenditures or transfers from the contingency require prior approval by Council. Intradepartmental transfers of any amount under \$100 can be made without Town Council approval. The Mayor may authorize additional appropriations up to \$20,000 on an individual basis and up to \$50,000 on a cumulative basis with the approval of the Council. A special Town Meeting must be called to authorize additional appropriations over \$20,000 on an individual basis and over \$50,000 on a cumulative basis.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as budgetary expenditures only. For GAAP purposes, encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

### **B. Deficit Fund Equity**

Nonmajor Funds:		
Special Revenue Funds:		
Farmingbury Hills Country Club	\$	72,962
Water Usage		22,014

Deficits will be reduced in future years as additional revenues are recognized by the respective funds or the General Fund appropriates and transfers funds.

### 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 Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The 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 does 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 deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$10,917,138 of the Town’s bank balance of \$12,874,733 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,725,424
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,191,714</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 10,917,138</u></u>

## Cash Equivalents

At June 30, 2011, the Town's cash equivalents amounted to \$1,853,399. 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 and Poor's</u>	<u>Fitch Ratings</u>
State Tax Exempt Proceeds Fund*		
State Short-Term Investment Fund (STIF)	AAAm	
Cutwater Asset Management - Cooperative		
Liquid Assets Securities System (CLASS) Plus	AAAm	*

\*Not rated

## Investments

As of June 30, 2011, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Corporate bonds	AA+toAA-	\$ 611,408		\$ 611,408	
Certificates of deposit	*	434,481	34,885	399,596	
Total		1,045,889	<u>\$ 34,885</u>	<u>\$ 1,011,004</u>	<u>\$ -</u>
Other investments:					
Guaranteed annuity contracts		4,909,450			
Mutual funds		<u>12,876,244</u>			
Total Investments		<u>\$ 18,831,583</u>			

\*Subject to coverage by Federal Depository Insurance and collateralization.

*Interest Rate Risk* - The Town's formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk - Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The Town's investment policy includes a section regarding investment guidelines that specifically defines its allowable investment choices. All of the Town's investments are invested in various pooled accounts and mutual funds which have not been rated by nationally recognized statistical rating organizations.

*Concentration of Credit Risk* - For certain types of investments, the Town's investment policy restricts investments in any one issuer that is in excess of 10% of the Town's total investments at time of purchase. In addition, the Town's policy defines other limitations in an effort to avoid incurring unreasonable inherent risk of over-concentration in specific instruments, individual issuers or maturities.

*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. The Town's formal investment policy defines certain requirements that financial dealers and institutions must meet to become qualified bidders to provide service to the Town. At June 30, 2011, the Town's certificates of deposit were insured by federal depository insurance. The Town's other investments held in guaranteed annuity contracts and open-end mutual funds, which, because they are pooled investments rather than separate identifiable securities, are not subject to custodial credit risk.

#### 4. RECEIVABLES

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

	<u>General</u>	<u>Capital Improvement</u>	<u>Water Assessments</u>	<u>Small Cities Grant Programs</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 1,116,132	\$	\$	\$	\$	\$ 1,116,132
Accrued interest on taxes	337,851					337,851
Intergovernmental	5,748,790	479,596			101,753	6,330,139
Accounts	181,570		2,612,179	25,176	1,065,105	3,884,030
Other	194,778					194,778
Assessments					44,974	44,974
Loans and accrued interest on loans				1,846,669		1,846,669
Gross receivables	<u>7,579,121</u>	<u>479,596</u>	<u>2,612,179</u>	<u>1,871,845</u>	<u>1,211,832</u>	<u>13,754,573</u>
Less allowance for uncollectibles:						
Taxes	125,493					125,493
Accrued interest on taxes	92,111					92,111
Accounts			98,900		11,341	110,241
Assessments					16,300	16,300
Total allowance	<u>217,604</u>	<u>-</u>	<u>98,900</u>	<u>-</u>	<u>27,641</u>	<u>344,145</u>
Net Total Receivables	<u>\$ 7,361,517</u>	<u>\$ 479,596</u>	<u>\$ 2,513,279</u>	<u>\$ 1,871,845</u>	<u>\$ 1,184,191</u>	<u>\$ 13,410,428</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>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 786,816	\$	\$ 786,816
Accrued interest on delinquent property taxes	245,740		245,740
School building construction grant receivables	5,748,790		5,748,790
Advance tax collections		936,923	936,923
Other deferred revenue		20,949	20,949
Capital Improvement Fund:			
Grant drawdowns prior to meeting all eligibility requirements		374,362	374,362
Water Assessments Fund:			
Water line assessments	2,513,279		2,513,279
Small Cities Grant Programs Fund:			
Housing loans	1,846,669		1,846,669
Nonmajor funds and other funds:			
Grant drawdowns prior to meeting all eligibility requirements		50,870	50,870
Other deferred revenue	<u>361,368</u>	<u>6,900</u>	<u>368,268</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 11,502,662</u>	<u>\$ 1,390,004</u>	<u>\$ 12,892,666</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	\$ 3,533,226	\$ 162,500	\$	\$ 3,695,726
Construction in progress	2,326,563	519,293		2,845,856
Total capital assets not being depreciated	<u>5,859,789</u>	<u>681,793</u>	<u>-</u>	<u>6,541,582</u>
Capital assets being depreciated:				
Land improvements	4,254,528	6,649		4,261,177
Buildings	55,492,017	280,185		55,772,202
Vehicles, machinery and equipment	14,686,636	145,171		14,831,807
Infrastructure	49,389,266	103,650		49,492,916
Total capital assets being depreciated	<u>123,822,447</u>	<u>535,655</u>	<u>-</u>	<u>124,358,102</u>
Less accumulated depreciation for:				
Land improvements	(2,465,385)	(88,211)		(2,553,596)
Buildings	(20,052,349)	(994,986)		(21,047,335)
Vehicles, machinery and equipment	(7,639,650)	(996,061)		(8,635,711)
Infrastructure	(23,919,882)	(738,409)		(24,658,291)
Total accumulated depreciation	<u>(54,077,266)</u>	<u>(2,817,667)</u>	<u>-</u>	<u>(56,894,933)</u>
Total capital assets being depreciated, net	<u>69,745,181</u>	<u>(2,282,012)</u>	<u>-</u>	<u>67,463,169</u>
Governmental Activities Capital Assets, Net	<u>\$ 75,604,970</u>	<u>\$ (1,600,219)</u>	<u>\$ -</u>	<u>\$ 74,004,751</u>

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

Governmental activities:		
General government	\$	80,531
Public safety		610,430
Public works		957,272
Culture and recreation		167,621
Education		<u>1,001,813</u>
 Total Depreciation Expense - Governmental Activities	\$	<u><u>2,817,667</u></u>

**Construction Commitments**

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

	<u>Project</u> <u>Authorization</u>	<u>Cumulative</u> <u>Expenditures</u>	<u>Encumbered</u>	<u>Balance</u> <u>June 30, 2011</u>
Communications Center	\$ 3,725,000	\$ 3,659,810	\$	\$ 65,190
Youth Center	550,000	515,384		34,616
Tosun Road/Rt. 69 Reconstruction	500,000	242,228	4,500	253,272
Peterson Park Improvements	350,000	349,824		176
BAW Grant - Lions Fair/Nichols Baseball Field	<u>150,000</u>	<u>149,984</u>		<u>16</u>
 Total	<u>\$ 5,275,000</u>	<u>\$ 4,917,230</u>	<u>\$ 4,500</u>	<u>\$ 353,270</u>

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 113,455
General	Capital Improvement Fund	434,364
Capital Improvement Fund	General	8,390
Nonmajor Governmental	General	89,927
Agency Funds	General	<u>14,000</u>
 Total		<u><u>\$ 660,136</u></u>

A summary of interfund transfers is presented below:

	<b>Transfers In</b>			<b>Total Transfers Out</b>
	<b>General</b>	<b>Capital Improvement Fund</b>	<b>Nonmajor Governmental Funds</b>	
Transfers out:				
General Fund	\$	\$ 235,000	\$ 26,000	\$ 261,000
Capital Improvement Fund	367,718			367,718
Water Assessments Fund	318,621			318,621
Nonmajor Governmental	<u>82,376</u>	<u>142,336</u>		<u>224,712</u>
Total Transfers In	<u>\$ 768,715</u>	<u>\$ 377,336</u>	<u>\$ 26,000</u>	<u>\$ 1,172,051</u>

The Water Assessment Fund transfers assessment collections to the General Fund to reimburse the General Fund's debt service principal and interest payments on related water and sewer line extension project general obligation bonds.

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 27,105,000	\$ 17,250,000	\$ 15,810,000	\$ 28,545,000	\$ 2,010,000
Add: premium on refunding		1,255,775	55,078	1,200,697	
Less: deferred amounts on refunding	<u>(332,222)</u>	<u>(720,775)</u>	<u>(68,526)</u>	<u>(984,471)</u>	
Total bonds payable	<u>26,772,778</u>	<u>17,785,000</u>	<u>15,796,552</u>	<u>28,761,226</u>	<u>2,010,000</u>
State of Connecticut - serial notes payable	1,647,616		158,638	1,488,978	161,723
Heart and hypertension obligations	1,621,204	62,967	85,219	1,598,952	86,947
Compensated absences	2,522,300	341,299	275,657	2,587,942	244,467
Retirement obligations	44,582	49,863	81,620	12,825	1,425
Capital leases	1,098,334		350,124	748,210	284,760
Net pension obligation	627,628	1,483,705	1,736,083	375,250	
Net OPEB obligation	<u>2,235,629</u>	<u>1,813,886</u>	<u>1,031,781</u>	<u>3,017,734</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 36,570,071</u>	<u>\$ 21,536,720</u>	<u>\$ 19,515,674</u>	<u>\$ 38,591,117</u>	<u>\$ 2,789,322</u>

On July 27, 2010, the Town issued \$4,465,000 of general obligation bonds and \$12,785,000 of general obligation refunding bonds with interest rates ranging from 3% to 5%. The refunding bonds were issued to currently refund the outstanding principal amounts of \$13,320,000: General Obligation Bonds, Issue of 2000, \$5,355,000; General Obligation Bonds, Issue of 2002, Lot A, \$6,600,000; and General Obligation Bonds, Issue of 2002, Lot B, \$1,365,000.

The net proceeds of \$14,040,775 (including a premium of \$1,255,775, debt service contributions of \$30,493, and issuance costs of \$132,533 including underwriter's fees) will reduce total debt service payments over the next 12 years by \$1,229,379 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$1,052,379. As a result, the refunded bonds are considered defeased and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue, which were placed into an irrevocable escrow account, until all the defeased bonds have been called. The balance in escrow was \$1,409,141 at June 30, 2011. The outstanding balance of the defeased bonds as of June 30, 2011 is \$1,365,000.

Bonds payable at June 30, 2011 consist of the following individual issues:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount of Original Issue</u>	<u>Interest Rate (%)</u>	<u>Balance Outstanding June 30, 2011</u>
Bonds:					
School Improvements, Waterline Extensions and Farmingbury Clubhouse Refunding Bond	03/15/02 11/15/04	03/15/22 08/01/19	\$ 14,885,000 10,125,000	3.00-6.50 3.00-4.00	\$ 500,000 4,710,000
General Improvements, Land Acquisition and Waterline Extensions Refunding Bond	08/15/06 08/09/10	08/15/26 08/01/29	7,780,000 12,785,000	4.00-5.00 2.0-5.0	6,085,000 12,785,000
School and General Improvements	08/09/10	08/01/29	4,465,000	3.0-4.125	<u>4,465,000</u>
Total Outstanding					\$ <u><u>28,545,000</u></u>

The Town will retire the bonds from General Fund revenues.

The annual requirements to amortize bonds payable as of June 30, 2011 are as follows:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,010,000	\$ 1,107,759	\$ 3,117,759
2013	2,620,000	1,033,095	3,653,095
2014	2,625,000	946,377	3,571,377
2015	2,570,000	852,277	3,422,277
2016	2,550,000	750,440	3,300,440
2017-2021	11,580,000	2,183,623	13,763,623
2022-2026	3,600,000	503,345	4,103,345
2027-2030	<u>990,000</u>	<u>78,054</u>	<u>1,068,054</u>
Total	\$ <u><u>28,545,000</u></u>	\$ <u><u>7,454,970</u></u>	\$ <u><u>35,999,970</u></u>

Bonds authorized/unissued for which bonds and notes are outstanding are as follows:

	<u>Bonds Authorized</u>	<u>Bonded/ Paydowns</u>	<u>Grants Received</u>	<u>Authorize Unissued</u>
Clinton Hill Waterline	\$ 5,420,000	\$ 3,760,000	\$ 1,548,000	\$ 112,000
Communications Center	3,725,000	3,725,000		-
Various Capital Improvements - Phase II	1,419,000	1,290,000		129,000
Youth Center	550,000	550,000		-
439 Bound Line Road Purchase	465,000	425,000		40,000
Senior Center Building	452,300	375,000		77,300
Total	<u>\$ 12,031,300</u>	<u>\$ 10,125,000</u>	<u>\$ 1,548,000</u>	<u>\$ 358,300</u>

### Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2011:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
8/10/09	08/9/10	2.25	\$ 4,700,000	\$	\$ 4,700,000	\$ -

### Heart and Hypertension Obligations

The Town's estimated liability for heart and hypertension obligations as of June 30, 2011 is \$1,598,952. Currently, two spousal beneficiaries receive weekly benefit payments that are subject to annual COLA adjustments. Total benefit payments and adjustments decreased the estimated liability by \$22,252 during the year. The total estimated liability has been established based upon a life expectancy assumption for each individual receiving weekly benefit payments.

### Compensated Absences

Employees can accumulate additional amounts of unused sick leave (as determined by individual union contracts) payable upon termination of their employment. In addition, Board of Education administrators are eligible for a severance amount relating to a percentage of final year salary as determined by union contract. The vested and nonvested estimated liabilities at June 30, 2011 are summarized as follows:

Town:	
Vested:	
Sick	\$ 637,195
Board of Education:	
Vested:	
Sick	603,332
Severance	82,660
Nonvested:	
Sick*	984,956
Severance*	<u>279,799</u>
Total	<u>\$ 2,587,942</u>

\* Based on estimated percentage of total nonvested obligation that potentially will vest in future years.

## Retirement Obligations

The liability for retirement obligations to retired employees of the Board of Education as of June 30, 2011 is \$12,825. This amount consists of payments due to retired individuals for compensated absences and annuity payments and will be paid out as follows:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 1,425
2013	1,425
2014	1,425
2015	1,425
2016	1,425
2017-2020	<u>5,700</u>
Total	<u>\$ 12,825</u>

## Lease Purchase Agreements

The Town has entered into multi-year capital leases for the purchase of various items of equipment including public works and public safety vehicles and computer equipment. The following is a summary of capital lease commitments as of June 30, 2011:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 320,647
2013	212,781
2014	152,001
2015	73,044
2016	<u>73,044</u>
Total lease payments	831,517
Less amount representing interest	<u>(83,307)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 748,210</u>

## State of Connecticut Clean Water Fund - Project Loan

The State of Connecticut Department of Environmental Protection has provided Clean Water financing in the form of Permanently Financed Loans to the City of Waterbury for sewage treatment plant upgrades. Pursuant to the provisions of the Waterbury/Wolcott Intermunicipal Agreement regarding the sewage treatment plant upgrade project CWF-201, the Town is responsible for \$3,089,815 of the total cost representing 3.475% of the capital project cost. The Town will directly pay its proportionate share of the project costs to the State of Connecticut. The outstanding principal balance that the Town is responsible for is \$1,488,978 as of June 30, 2011. The permanently financed loans mature over 20 years with a coupon rate of 2%.

The annual debt service requirements to these obligations are summarized below:

<b>Due During Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 161,723	\$ 28,302	\$ 190,025
2013	164,871	25,039	189,910
2014	168,081	21,712	189,793
2015	166,532	18,357	184,889
2016	168,908	15,013	183,921
2017-2020	<u>658,863</u>	<u>27,211</u>	<u>686,074</u>
Total	<u>\$ 1,488,978</u>	<u>\$ 135,634</u>	<u>\$ 1,624,612</u>

**Legal Debt Limit** (Presented in Thousands)

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

<b>Category</b>	<b>(thousands)</b>		
	<b>Debt Limitation*</b>	<b>Net Indebtedness</b>	<b>Balance</b>
General purpose	\$ 71,071	\$ 7,488	\$ 63,583
Schools	142,142	10,783	131,359
Sewers	118,451	1,489	116,962
Urban renewal	102,658		102,658
Pension deficit	94,761		94,761

\*In no case shall total indebtedness exceed seven times annual receipts from taxation (\$221 million).

Net indebtedness, as recorded above, is net of school building grants in the amount of \$6,408.

Uniform fiscal year conversion bonds of \$53 and water bonds of \$4,059 are excluded in accordance with State Statutes. Accordingly, water debt authorized and unissued totaling \$112 has also been excluded.

## 8. FUND BALANCE

The various components of fund balance at June 30, 2011 are as follows:

	<b>Major Special Revenue Funds</b>					<b>Total</b>
	<b>General Fund</b>	<b>Water Assessments Fund</b>	<b>Small Cities Grant Programs Fund</b>	<b>Capital Improvement Fund</b>	<b>Nonmajor Governmental Funds</b>	
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 21,958	\$ 21,958
Restricted for:						
Grants			74,124		150,107	224,231
Bonds				645,575		645,575
Donations					1,537	1,537
Committed to:						
Recreation					86,037	86,037
Public safety					92,871	92,871
Education					511,159	511,159
Planning and zoning					196,106	196,106
General government					59,914	59,914
Debt		1,769,442			1,486,491	3,255,933
Assigned to:						
Recreation	6,918					6,918
Education	155,072					155,072
Unassigned	<u>2,335,382</u>				<u>(94,976)</u>	<u>2,240,406</u>
<b>Total Fund Balances</b>	<b>\$ <u>2,497,372</u></b>	<b>\$ <u>1,769,442</u></b>	<b>\$ <u>74,124</u></b>	<b>\$ <u>645,575</u></b>	<b>\$ <u>2,511,204</u></b>	<b>\$ <u>7,497,717</u></b>

Significant encumbrances at June 30, 2011 are contained in the above table in the assigned category of the General Fund.

## 9. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. 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.

The self-insurance program was established on July 1, 1996 to provide health coverage for Town and Board of Education employees previously covered by insured hospital and major medical insurance. The program is fully insured after the first \$200,000 in medical claims per covered employee.

Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The self-insurance program is being administered by a professional benefit administrator (the administrator). When a claim is submitted, the administrator processes and pays the claim from funds accumulated by the Town in an Internal Service Fund. The Internal Service Fund is funded by the Town and Board of Education based upon the recommended level of contribution as established by the Medical Benefits Committee (MBC). The recommendation is based upon an analysis of past and current experience levels and reserve requirements and determined by the MBC. The claim liability of \$442,184 included in accrued liabilities reported in the Internal Service Fund at June 30, 2011 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has



been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The changes in the claims liability were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2009-10	\$ 496,292	\$ 5,334,975	\$ 5,394,732	\$ 436,535
2010-11	436,535	6,269,451	6,263,802	442,184

## 10. POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

### A. Plan Description

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees, spouses and beneficiaries. The postemployment welfare benefit program (WBP) covers Town and Board of Education retired employees. The plan provides for medical, prescription drugs and dental benefits. All retired program members receiving benefits are required to contribute except for Medicare retirees in the Town Hall/Dispatchers union hired prior to July 1, 2005, and the Secretaries, Custodian and Teacher unions. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town's various bargaining agreements. The Town does not issue a separate stand alone financial statement for this program.

At July 1, 2010, plan membership consisted of the following:

	<u>Post-Employment Welfare Program</u>
Retired participants, spouses and beneficiaries	154
Active plan members	361
Total Participants	<u>515</u>

### B. Funding Policy

The Town funding and payment of postemployment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The Town's funding strategy for postemployment obligations are based upon characteristics of benefits on 10 distinct groups of employees established within their respective collective bargaining units and/or contracts. Full-time employees of the Town of Wolcott or Board of Education who retire from the Town are eligible if they meet the following criteria:

**Town of Wolcott**

- Town Hall/Dispatchers/Non-Union: Age 62 with 15 years of service
- Non-Union Town Administrators: Age 62 with 15 years of service
- Highway - hired prior to July 1, 2004: Age 60 with 15 years of service
- Highway - hired after July 1, 2004: Age 60 with 18 years of service
- Police: The earlier of the following:
  - Age 50 with 25 years of service
  - Age 60 with 20 years of service
  - Age 65

**Board of Education**

- Administrators - hired prior to July 1, 2002: 12 years of service
- Administrators - hired after July 1, 2002: 15 years of service
- CILU Secretaries and Nurses: 15 years of service
- Custodians: Age 55 with 15 years of service
- Teachers: Age 57\*

\* The eligibility for Teachers is an estimate based upon the State of Connecticut's eligibility of 35 years as a Teacher assuming employment begins at an estimated age of 22, a Teacher becomes eligible 35 years later, or age 57.

**C. Annual OPEB Cost and Net OPEB Obligations**

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The 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:

	<b><u>Post- Employment Welfare Program</u></b>
Annual required contribution (ARC)	\$ 1,858,627
Interest on net OPEB obligation	89,425
Adjustment to annual required contribution	<u>(134,166)</u>
Annual OPEB cost	1,813,886
Contributions made	<u>1,031,781</u>
Increase in net OPEB obligation	782,105
Net OPEB obligation - beginning of year	<u>2,235,629</u>
Net OPEB Obligation - End of Year	<u><u>\$ 3,017,734</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.

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
6/30/09	\$ 1,682,021	\$ 267,435	15.9%	\$ 1,414,586
6/30/10	1,738,605	917,562	52.8	2,235,629
6/30/11	1,813,886	1,031,781	56.9	3,017,734

The schedule of funding progress is presented below. Only data starting at July 1, 2008 is presented due to this being the year of implementation.

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>(Unfunded) AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
7/1/08	\$ -	\$ 18,646,344	\$ 18,646,344	0%	\$ 25,203,401	73.9%
7/1/10	-	21,462,037	21,462,037	0	21,419,478	100.1

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan 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 costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using the market value method. The UAAL is being amortized on a closed level dollar basis with a remaining amortization period at July 1, 2010 of 28 years.

## 11. PENSION PLAN

### Pension Trust Fund

#### A. Plan Description

The Town is the administrator of two single-employer Public Employee Retirement Systems (PERS) established and administered by the Town to provide pension benefits for its employees.

- Town General Pension Plan - Police officers and General Town employees
- Board of Education General Pension Plan - Non-Certified Board of Education employees

The PERS are considered to be part of the Town's financial reporting entity and are included in the Town's financial reports as Pension Trust Funds.

Plan membership consisted of the following:

	<b>(January 1, 2011)</b>	<b>(September 1, 2010)</b>
	<b>Town General Pension Plan</b>	<b>Board of Education General Pension Plan</b>
Retirees, disabled and beneficiaries currently receiving benefits	44	72
Terminated employees entitled to benefits but not yet receiving them	31	20
Current employees:		
Vested	68	60
Nonvested	19	56
<b>Total</b>	<b>162</b>	<b>208</b>

The Town General Pension Plan covers substantially all general and police full-time employees (except Board of Education employees). Participants become eligible to participate on the first day of the month after completing one year of service and attaining age 21. The normal retirement age for police officers is either age 60 with 20 years of service, age 50 with 25 years of service, or age 65. The normal retirement age for other employees is 65. There are provisions for early retirement at reduced benefits and disability retirement. Employees vest after seven years of service and are fully vested at that time. Normal retirement benefits consist of a yearly annuity. For police officers, the benefit is based on 50% of final average earnings less 1/20 for each year of service less than 20 years plus 2% of final average earnings for years of service in excess of 25 years with a maximum of 30 years of service. Final average salary is defined as average total earnings for the five consecutive calendar years in the last ten calendar years that gives the highest average. For other employees, the benefit is based on 1.8% of final average salary times years of credited service to a maximum of 30 years. For participants that contribute to the plan, the multiplier is 1.9%. Final average salary is defined as average gross wages for the highest three consecutive years out of the last ten years of service.

The Board of Education General Pension Plan covers substantially all full-time noncertified Board of Education employees who work an average of 20 hours or more per week for 9 months or more a year are at least 21 years old and have completed at least 1 continuous year of service. Employees do not become vested until completion of five years of service at which time they are fully vested. The normal retirement age is either age 62 or 65 depending upon the employee's job description. The plan provides for early retirement at reduced benefits and disability retirement benefits. The minimum normal retirement benefit is a calculation of 50% of the annual compensation received by the employee for five consecutive years producing the highest average in the last ten years of service preceding retirement.

**B. Summary of Significant Accounting Policies, Plan Asset Matters and Plan Changes**

**Basis of Accounting:** PERS financial statements are prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**Method Used to Value Investments:** Investments are reported at fair value for financial statement purposes.

Plan Changes:

Town General Pension Plan

No changes in the plan provisions have been made since the last valuation.

Board of Education General Pension Plan

No changes in the plan provisions have been made since the last valuation.

**C. Funding Policy**

Town General Pension Plan

Effective July 1, 1998, police employees as of October 1, 1996 shall contribute 2% of W-2 wages to the pension plan. Employees hired after October 1, 1996 shall contribute 5% of W-2 wages to the pension plan. Effective May 1, 2002, members of Local 1130-198 and Local 1303-63 shall contribute 1.5%. All other employees are not required to make contributions to the pension plan. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees. The Town's contribution rate for the current year was 23.5% of covered payroll.

The contribution requirements of plan members are established and may be amended by the Town Council, subject to union contract negotiation.

Board of Education General Pension Plan

The Board of Education's funding policy is to contribute an amount comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability using the Frozen Initial Liability cost method. The Board of Education's contribution rate was 16.7% of covered payroll.

The Board of Education Superintendent or his or her designee establish funding requirements and have the authority to amend provisions of the plan.

**D. Annual Pension Cost and Net Pension Obligations**

The Town's annual pension cost and net pension obligation to the Town and Board of Education PERS for the current year were as follows:

	<b>Town General Pension Plan</b>	<b>Board of Education General Pension Plan</b>
Annual required contribution	\$ 979,110	\$ 497,497
Interest on net pension obligation	33,434	15,727
Adjustment to annual required contribution	(24,563)	(17,500)
Annual pension cost	987,981	495,724
Contributions made	(1,209,593)	(526,490)
Increase in net pension obligation	(221,612)	(30,766)
Net pension obligation - beginning of year	417,929	209,699
Net Pension Obligation - End of Year	\$ 196,317	\$ 178,933

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

	<u>Town Plan</u>	<u>Board Plan</u>
Actuarial Valuation Date	January 1, 2011	September 1, 2010
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll Closed	Level Percent of Payroll Closed
Remaining Amortization Period	28	24
Asset Valuation Method	Smoothed Market	Smoothed Market
Actuarial Assumptions: Investment Rate of Return	8.0%	7.5%
Projected Salary Increase: General employees	0-7.94%	4%

#### E. Trend Information

<u>Town General Pension Plan</u>			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 610,969	101%	\$ 126,422
6/30/10	948,808	70	417,929
6/30/11	987,981	122	196,317

<u>Board of Education General Pension Plan</u>			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 469,866	100%	\$ 211,759
6/30/10	482,947	100	209,699
6/30/11	495,724	106	178,933

**F. Pension Plan Required Supplementary Information**

**Town General Pension Plan**

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>(Unfunded) AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
1/1/05	\$ 9,448,370	\$ 12,571,949	\$ 3,123,579	76%	\$ 4,299,852	73%
1/1/06	10,441,953	13,407,571	2,965,618	78	4,302,962	69
1/1/07	11,427,597	14,315,426	2,887,829	80	4,707,489	61
1/1/08	12,495,945	15,097,633	2,601,688	83	5,043,697	52
1/1/09	11,055,040	17,580,084	6,525,044	63	5,766,844	113
1/1/11	13,892,200	19,341,991	5,449,791	72	5,126,851	106

<b>Schedule of Employer Contributions</b>		
	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/06	\$ 646,498	109%
6/30/07	645,238	100
6/30/08	637,778	102
6/30/09	611,505	101
6/30/10	945,999	70
6/30/11	979,110	124

**Board of Education General Pension Plan**

The September 1, 2010 actuarial valuation was performed using the projected unit credit cost method. Prior to the September 1, 2004 valuation, valuations were performed using the aggregate actuarial cost method. The aggregate cost method does not separately identify unfunded actuarial accrued liabilities. Unfunded actuarial accrued liabilities prior to the September 1, 2004 valuation are not separately identified.

The schedule of funding progress under the entry age actuarial cost method is presented below:

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>(Unfunded) AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
9/1/04	\$ 7,389,490	\$ 8,148,948	\$ 759,458	91%	\$ 2,151,107	35%
9/1/05	7,689,237	8,391,938	702,701	92	2,266,188	31
9/1/06	7,958,643	8,703,014	744,371	91	2,399,453	31
9/1/07	8,102,724	9,434,205	1,331,481	86	2,751,626	48
9/1/08	8,165,036	9,655,497	1,490,461	85	2,825,447	53
9/1/10	8,708,501	10,765,662	2,057,161	81	3,148,618	65

**Schedule of Employer Contributions**

		<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/06	\$	339,412	83%
6/30/07		363,972	89
6/30/08		364,650	100
6/30/09		470,861	100
6/30/10		483,007	100
6/30/11		497,497	106

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is presented in Section D above.

**Pension Trust Funds**

The Town maintains two pension trust funds (Town General Pension and Board of Education General Pension) to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at June 30, 2011 and the changes in net assets for the year then ended.

**Schedule of Plan Net Assets**

	<b>Town</b>	<b>Board of Education</b>	<b>Totals</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,679,245	\$ _____	\$ 2,679,245
<b>Investments:</b>			
Certificates of deposit	199,596		199,596
Corporate bonds	611,408		611,408
Guaranteed annuity contracts		4,909,450	4,909,450
Mutual funds	9,610,295	3,265,949	12,876,244
Total investments	<u>10,421,299</u>	<u>8,175,399</u>	<u>18,596,698</u>
<b>Total Assets</b>	<u>\$ 13,100,544</u>	<u>\$ 8,175,399</u>	<u>\$ 21,275,943</u>
<b>Net Assets:</b>			
Held in trust for pension benefits and other purposes	<u>\$ 13,100,544</u>	<u>\$ 8,175,399</u>	<u>\$ 21,275,943</u>



**Schedule of Changes in Plan Net Assets**

	<u>Town</u>	<u>Board of Education</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 1,209,593	\$ 526,490	\$ 1,736,083
Plan members	84,927		84,927
Total contributions	<u>1,294,520</u>	<u>526,490</u>	<u>1,821,010</u>
Investment income:			
Net increase in fair value of investments	2,001,536	184,267	2,185,803
Interest and dividends	163,354	253,298	416,652
	<u>2,164,890</u>	<u>437,565</u>	<u>2,602,455</u>
Less investment fee expense	68,155	20,774	88,929
Net investment income	<u>2,096,735</u>	<u>416,791</u>	<u>2,513,526</u>
Total additions	<u>3,391,255</u>	<u>943,281</u>	<u>4,334,536</u>
Deductions:			
Benefits	803,381	605,421	1,408,802
Administration	11,882	27,490	39,372
Total deductions	<u>815,263</u>	<u>632,911</u>	<u>1,448,174</u>
Net increase	2,575,992	310,370	2,886,362
Net assets at beginning of year	<u>10,524,552</u>	<u>7,865,029</u>	<u>18,389,581</u>
Net Assets at End of Year	<u>\$ 13,100,544</u>	<u>\$ 8,175,399</u>	<u>\$ 21,275,943</u>

**State of Connecticut Teachers' Retirement Fund**

All Town teachers 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 \$16,039,644 or 76% of the total Board of Education payroll of \$21,066,461. The teachers' contributions totaled \$1,162,874 for the year ended June 30, 2011.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. For the year ended June 30, 2011, the Town has recorded, in the General Fund, revenues and expenditures in the amount of \$2,549,675 as payments made by the State of Connecticut on behalf of the Town. The Town has no liability for teachers' pensions.

**12. LITIGATION AND CONTINGENCIES**

The Town, its officers, employees, boards and commissions are defendants in a number of lawsuits. It is the opinion of Town officials that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town that would materially adversely affect its financial position.

**TOWN OF WOLCOTT, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes:				
Current levy	\$ 30,503,125	\$ 30,503,125	\$ 30,300,041	\$ (203,084)
Prior year levies	750,000	750,000	840,452	90,452
Interest, liens and miscellaneous	269,500	269,500	442,251	172,751
Total property taxes	<u>31,522,625</u>	<u>31,522,625</u>	<u>31,582,744</u>	<u>60,119</u>
Licenses and permits:				
Town Clerk	212,500	212,500	201,823	(10,677)
Planning and Zoning	20,000	20,000	13,530	(6,470)
Building permits	90,000	90,000	82,131	(7,869)
Recycling permits	17,000	17,000	15,597	(1,403)
Police Department permits	3,350	3,350	7,835	4,485
Total licenses and permits	<u>342,850</u>	<u>342,850</u>	<u>320,916</u>	<u>(21,934)</u>
Federal, state and local grants:				
Education equalization grant	13,539,371	13,539,371	11,619,187	(1,920,184)
Transportation	251,814	251,814	273,426	21,612
Blind/severely handicapped	3,000	3,000		(3,000)
School bond and interest subsidies	1,275,077	1,275,077	1,165,389	(109,688)
Local capital improvement	174,882	174,882	174,882	-
Elderly tax relief - circuit breaker	148,493	148,493	145,865	(2,628)
Veterans exemption tax relief	27,562	27,562	27,089	(473)
Manufacturing exemption tax relief	286,001	286,001	165,998	(120,003)
Elderly tax relief - freeze	4,000	4,000	4,000	-
Totally disabled tax relief	3,103	3,103	3,055	(48)
State-owned property	2,180	2,180	2,193	13
Regional Water Authority - PILOT program	5,647	5,647	7,812	2,165
Town aid road	151,459	151,459	151,645	186
Library grant	2,000	2,000	3,308	1,308
Boating safety	4,800	4,800	3,886	(914)
Pequot grant	69,923	69,923	67,190	(2,733)
Adult education	4,828	4,828	4,857	29
Medicare reimbursement	15,000	15,000	15,463	463
Civil preparedness	2,400	2,400	3,070	670
Commercial new truck exemption	23,487	23,487	23,487	-
Total federal, state and local grants	<u>15,995,027</u>	<u>15,995,027</u>	<u>13,861,802</u>	<u>(2,133,225)</u>
Charges for services:				
Special education - tuition	60,000	60,000	68,729	8,729
Tuition - other towns	45,000	45,000	31,109	(13,891)
Inland Wetlands	2,500	2,500	1,936	(564)
Outside activities	9,750	9,750	9,810	60
Ambulance service fees	145,000	145,000	125,000	(20,000)
Parks and recreation	17,000	17,000	13,278	(3,722)
Commercial refuse hauler	73,000	73,000	87,784	14,784
Zoning Board of Appeals	1,000	1,000	750	(250)
Records money	2,500	2,500	1,468	(1,032)
In-kind services	12,000	12,000	12,000	-
Total charges for services	<u>367,750</u>	<u>367,750</u>	<u>351,864</u>	<u>(15,886)</u>

(Continued on next page)

**TOWN OF WOLCOTT, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Investment income:				
Interest on investments	\$ 40,000	\$ 40,000	\$ 14,114	\$ (25,886)
Other revenues:				
Library fines	11,000	11,000	11,601	601
False alarm fines	3,500	3,500	450	(3,050)
Vital statistics	140	140	146	6
Telephone access grant	70,000	70,000	45,961	(24,039)
Pavilion	1,000	1,000	1,875	875
Unanticipated revenues	30,000	30,000	155,742	125,742
Total other revenues	<u>115,640</u>	<u>115,640</u>	<u>215,775</u>	<u>100,135</u>
Other financing sources:				
Transfers in:				
Farmingbury Golf Course	82,376	82,376	82,376	-
Assessment collections and residual bonds funds	566,819	566,819	686,339	119,520
Total other financing sources	<u>649,195</u>	<u>649,195</u>	<u>768,715</u>	<u>119,520</u>
Total	<u>\$ 49,033,087</u>	<u>\$ 49,033,087</u>	47,115,930	<u>\$ (1,917,157)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	2,549,675
Proceeds from refunding bonds are not budgeted.	12,785,000
Premiums on refunding bonds are not budgeted.	1,255,775
The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.	<u>745,380</u>

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 64,451,760

## TOWN OF WOLCOTT, CONNECTICUT

## GENERAL FUND

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General government:				
Mayor's Office	\$ 199,036	\$ 199,036	\$ 198,485	\$ 551
Treasurer's Office	108,319	108,319	107,032	1,287
Finance Office	246,868	246,868	246,232	636
Town Council	81,785	81,785	73,372	8,413
Town Clerk	207,361	179,169	169,812	9,357
Tax Collector	171,712	172,448	169,698	2,750
Assessor	242,799	242,799	230,423	12,376
Board of Tax Review	3,475	3,475	2,470	1,005
Building Inspector	84,276	84,276	80,076	4,200
Planning and Zoning	83,384	83,384	80,753	2,631
Inland/Wetlands Conservation	9,961	9,961	7,746	2,215
Industrial Development	2,800	2,800	768	2,032
Zoning Board of Appeals	3,550	3,550	3,442	108
Registrar of Voters	74,687	74,687	69,487	5,200
Other general government:				
Wages	206,855	237,346	227,395	9,951
Benefits and insurance	1,970,327	1,996,150	1,994,729	1,421
Legal and consulting	70,000	89,000	88,998	2
Tri-town health district	102,750	105,178	105,178	-
Refuse and recycling	1,495,000	1,477,302	1,475,095	2,207
Liability insurance	54,030	54,030	54,030	-
Street lighting	103,000	101,786	98,509	3,277
Other	245,621	246,754	229,997	16,757
Total general government	<u>5,767,596</u>	<u>5,800,103</u>	<u>5,713,727</u>	<u>86,376</u>
Public safety:				
Police Department	3,226,794	3,144,288	3,105,961	38,327
Public Safety Communications	361,967	361,940	359,128	2,812
Animal Control Officer	48,879	51,467	51,467	-
Public Safety Buildings	89,823	87,261	80,552	6,709
Fire Department	618,288	638,288	618,488	19,800
Fire Marshal	47,025	47,025	40,178	6,847
Civil preparedness	22,114	22,114	19,206	2,908
Emergency Planning Commission	28,175	28,175	25,607	2,568
Volunteer Ambulance	396,709	396,709	396,022	687
Total public safety	<u>4,839,774</u>	<u>4,777,267</u>	<u>4,696,609</u>	<u>80,658</u>
Public works:				
Highways and streets	<u>2,120,803</u>	<u>2,180,803</u>	<u>2,139,847</u>	<u>40,956</u>
Health and welfare:				
Commission on Aging	123,300	123,300	120,847	2,453
Commission for Handicapped	36,098	36,098	30,086	6,012
Total health and welfare	<u>159,398</u>	<u>159,398</u>	<u>150,933</u>	<u>8,465</u>

(Continued on next page)

## TOWN OF WOLCOTT, CONNECTICUT

## GENERAL FUND

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Culture and recreation:				
Parks and recreation	\$ 187,096	\$ 187,096	\$ 166,897	\$ 20,199
Library	532,766	532,766	491,873	40,893
Total culture and recreation	<u>719,862</u>	<u>719,862</u>	<u>658,770</u>	<u>61,092</u>
Board of Education	<u>31,470,976</u>	<u>31,470,976</u>	<u>29,538,732</u>	<u>1,932,244</u>
Debt service:				
Principal and interest:				
School bonds	2,570,822	2,570,822	2,497,019	73,803
General improvement bonds	547,602	547,602	536,826	10,776
Water bonds	513,622	513,622	463,416	50,206
Capital leases	27,832	27,832	27,545	287
Total debt service	<u>3,659,878</u>	<u>3,659,878</u>	<u>3,524,806</u>	<u>135,072</u>
Other financing uses:				
Transfers out:				
Capital and Nonrecurring Fund	33,800	3,800		3,800
CIF	235,000	235,000	235,000	-
Farmingbury Hills Country Club	26,000	26,000	26,000	-
Total other financing uses	<u>294,800</u>	<u>264,800</u>	<u>261,000</u>	<u>3,800</u>
Total	<u>\$ 49,033,087</u>	<u>\$ 49,033,087</u>	46,684,424	<u>\$ 2,348,663</u>

Budgetary expenditures are different than GAAP expenditures because

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for  
Town teachers are not budgeted.

2,549,675

Payment to refunded bond escrow agent is not budgeted.

13,903,475

Issuance cost on refunding bonds is not budgeted.

137,300

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.

(161,990)

Encumbrances for purchases and commitments ordered in the previous year that were received and  
liquidated in the current year are reported for financial statement reporting purposes.

89,488

The Board of Education does not budget for intergovernmental grants, which are credited against  
education expenditures for budgetary reporting. These amounts are recorded as revenues and  
expenditures for financial statement reporting purposes.745,380Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,  
Expenditures and Changes in Fund Balances - Exhibit IV\$ 63,947,752

## TOWN OF WOLCOTT, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,200,943	\$ 4,086,818
Receivables:		
Property taxes receivable, net	990,639	1,158,902
Property taxes accrued interest receivable, net	245,740	364,385
Intergovernmental receivable:		
School building grants receivable	5,748,790	6,446,335
Other grants receivable	194,778	125,233
Accounts receivable	181,570	126,261
Due from other funds	<u>547,819</u>	<u>83,748</u>
Total Assets	<u>\$ 11,110,279</u>	<u>\$ 12,391,682</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 761,372	\$ 871,531
Due to other funds	112,317	119,780
Deferred revenues	<u>7,739,218</u>	<u>9,407,007</u>
Total liabilities	<u>8,612,907</u>	<u>10,398,318</u>
Fund balance:		
Assigned	161,990	89,488
Unassigned	<u>2,335,382</u>	<u>1,903,876</u>
Total fund balance	<u>2,497,372</u>	<u>1,993,364</u>
Total Liabilities and Fund Balance	<u>\$ 11,110,279</u>	<u>\$ 12,391,682</u>



## TOWN OF WOLCOTT, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

## Special Revenue Funds

	<u>Farmingbury Hills Country Club</u>	<u>Acquired Facilities Woodtick Recreation Area</u>	<u>Miscellaneous Grants and Programs</u>	<u>Police Department Asset Forfeiture</u>	<u>Police Donations</u>	<u>Sewer Usage</u>	<u>Sewer Assessments</u>	<u>Water Usage</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 18,123	\$ 86,550	\$ 34,517	\$ 559	\$ 8,452	\$ 820,563	\$ 172,878	\$ 128,445
Accounts receivable, net	275					889,020	28,674	83,121
Intergovernmental receivable			33,816					
Due from other funds						88,062		
Inventory								
Total Assets	<u>\$ 18,398</u>	<u>\$ 86,550</u>	<u>\$ 68,333</u>	<u>\$ 559</u>	<u>\$ 8,452</u>	<u>\$ 1,797,645</u>	<u>\$ 201,552</u>	<u>\$ 211,566</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts and other payables	\$ 20,355	\$ 5,861	\$ 3,449	\$	\$	\$ 239,846	\$	\$ 161,324
Due to other funds	71,005		42,450					
Deferred revenue			5,814			244,186	28,674	72,256
Total liabilities	<u>91,360</u>	<u>5,861</u>	<u>51,713</u>	<u>-</u>	<u>-</u>	<u>484,032</u>	<u>28,674</u>	<u>233,580</u>
Fund balances:								
Nonspendable								
Restricted			16,620	559				
Committed		80,689			8,452	1,313,613	172,878	
Unassigned	(72,962)							(22,014)
Total fund balances	<u>(72,962)</u>	<u>80,689</u>	<u>16,620</u>	<u>559</u>	<u>8,452</u>	<u>1,313,613</u>	<u>172,878</u>	<u>(22,014)</u>
Total Liabilities and Fund Balances	<u>\$ 18,398</u>	<u>\$ 86,550</u>	<u>\$ 68,333</u>	<u>\$ 559</u>	<u>\$ 8,452</u>	<u>\$ 1,797,645</u>	<u>\$ 201,552</u>	<u>\$ 211,566</u>

(Continued on next page)



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

**JUNE 30, 2011**

**Special Revenue Funds**

	<u>Dog Fund</u>	<u>Education Special Grants and Programs</u>	<u>School Lunch</u>	<u>Peterson Park</u>	<u>Planning and Zoning</u>	<u>Open Space</u>	<u>LOCIP Land Preservation</u>	<u>Police Private Duty</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 11,419	\$ 75,696	\$ 353,990	\$ 5,348	\$ 193,806	\$ 53,206	\$ 61,905	\$ 40,004
Accounts receivable, net	9,712		12,793		9,200		639	42,974
Intergovernmental receivable		19,725	48,212					
Due from other funds								1,865
Inventory			21,958					
<b>Total Assets</b>	<u>\$ 21,131</u>	<u>\$ 95,421</u>	<u>\$ 436,953</u>	<u>\$ 5,348</u>	<u>\$ 203,006</u>	<u>\$ 53,206</u>	<u>\$ 62,544</u>	<u>\$ 84,843</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts and other payables	\$ 9,804	\$ 33,187	\$ 1,316	\$	\$	\$	\$	\$
Due to other funds								
Deferred revenue		45,056	16,252		6,900			
<b>Total liabilities</b>	<u>9,804</u>	<u>78,243</u>	<u>17,568</u>	<u>-</u>	<u>6,900</u>	<u>-</u>	<u>-</u>	<u>11,751</u>
Fund balances:								
Nonspendable			21,958					
Restricted		17,178				53,206	62,544	
Committed	11,327		397,427	5,348	196,106			73,092
Unassigned								
<b>Total fund balances</b>	<u>11,327</u>	<u>17,178</u>	<u>419,385</u>	<u>5,348</u>	<u>196,106</u>	<u>53,206</u>	<u>62,544</u>	<u>73,092</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 21,131</u>	<u>\$ 95,421</u>	<u>\$ 436,953</u>	<u>\$ 5,348</u>	<u>\$ 203,006</u>	<u>\$ 53,206</u>	<u>\$ 62,544</u>	<u>\$ 84,843</u>

(Continued on next page)

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

**JUNE 30, 2011**

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Insurance Claims	FHCC Monument/ Plaque Donations	Senior Center	Board of Education		Capital and Nonrecurring Fund	
				Summer Studies	Latch Key Program		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 19,443	\$ 1,537	\$ 1,777	\$ 40,202	\$ 73,530	\$ 32,913	\$ 2,234,863
Accounts receivable, net	6,005		25				1,082,438
Intergovernmental receivable							101,753
Due from other funds							89,927
Inventory							21,958
<b>Total Assets</b>	<u>\$ 25,448</u>	<u>\$ 1,537</u>	<u>\$ 1,802</u>	<u>\$ 40,202</u>	<u>\$ 73,530</u>	<u>\$ 32,913</u>	<u>\$ 3,530,939</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables	\$	\$	\$	\$	\$	\$ 249	\$ 487,142
Due to other funds							113,455
Deferred revenue							419,138
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249</u>	<u>1,019,735</u>
Fund balances:							
Nonspendable							21,958
Restricted		1,537					151,644
Committed	25,448		1,802	40,202	73,530	32,664	2,432,578
Unassigned							(94,976)
<b>Total fund balances</b>	<u>25,448</u>	<u>1,537</u>	<u>1,802</u>	<u>40,202</u>	<u>73,530</u>	<u>32,664</u>	<u>2,511,204</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 25,448</u>	<u>\$ 1,537</u>	<u>\$ 1,802</u>	<u>\$ 40,202</u>	<u>\$ 73,530</u>	<u>\$ 32,913</u>	<u>\$ 3,530,939</u>

TOWN OF WOLCOTT, CONNECTICUT

EXHIBIT B-2

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

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds							
	Farmingbury Hills Country Club	Acquired Facilities Woodtick Recreation Area	Miscellaneous Grants and Programs	Police Department Asset Forfeiture	Police Donations	Sewer Usage	Sewer Assessments	Water Usage
Revenues:								
Licenses, permits and other charges	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues			180,213					
Charges for services	472,197	81,752				855,240	3,752	333,668
Income on investments	6	7	2			1,752	128	5
Other	77		8,195		16,780		2	
Total revenues	<u>472,280</u>	<u>81,759</u>	<u>188,410</u>	<u>-</u>	<u>16,780</u>	<u>856,992</u>	<u>3,882</u>	<u>345,922</u>
Expenditures:								
Current:								
General government			46,552					
Public safety			13,193	1,260	17,852			
Public works			72,508			513,369		270,109
Health and welfare								
Culture and recreation	399,287	83,290	50,790					
Education								
Capital outlay						20,472		
Debt service	68,106					190,141		
Total expenditures	<u>467,393</u>	<u>83,290</u>	<u>183,043</u>	<u>1,260</u>	<u>17,852</u>	<u>723,982</u>	<u>-</u>	<u>270,109</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,887</u>	<u>(1,531)</u>	<u>5,367</u>	<u>(1,260)</u>	<u>(1,072)</u>	<u>133,010</u>	<u>3,882</u>	<u>75,813</u>
Other Financing Sources (Uses):								
Transfers in	26,000							
Transfers out	<u>(82,376)</u>							
Total other financing sources (uses)	<u>(56,376)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(51,489)	(1,531)	5,367	(1,260)	(1,072)	133,010	3,882	75,813
Fund Balances at Beginning of Year	<u>(21,473)</u>	<u>82,220</u>	<u>11,253</u>	<u>1,819</u>	<u>9,524</u>	<u>1,180,603</u>	<u>168,996</u>	<u>(97,827)</u>
Fund Balances at End of Year	<u><u>\$ (72,962)</u></u>	<u><u>\$ 80,689</u></u>	<u><u>\$ 16,620</u></u>	<u><u>\$ 559</u></u>	<u><u>\$ 8,452</u></u>	<u><u>\$ 1,313,613</u></u>	<u><u>\$ 172,878</u></u>	<u><u>\$ (22,014)</u></u>

(Continued on next page)

TOWN OF WOLCOTT, CONNECTICUT

EXHIBIT B-2

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

FOR THE YEAR ENDED JUNE 30, 2011

Special Revenue Funds

	<u>Dog Fund</u>	<u>Education Special Grants and Programs</u>	<u>School Lunch</u>	<u>Peterson Park</u>	<u>Planning and Zoning</u>	<u>Open Space</u>	<u>LOCIP Land Preservation</u>	<u>Police Private Duty</u>
Revenues:								
Licenses, permits and other charges	\$ 17,541	\$	\$	\$	\$	\$ 834	\$ 9,168	\$
Intergovernmental revenues		3,528,089	358,047					
Charges for services	1,347	14,313	795,626		4,600			79,464
Income on investments				2	153	194		
Other	166			453				
Total revenues	<u>19,054</u>	<u>3,542,402</u>	<u>1,153,673</u>	<u>455</u>	<u>4,753</u>	<u>1,028</u>	<u>9,168</u>	<u>79,464</u>
Expenditures:								
Current:								
General government						52,182		
Public safety	29,791							67,310
Public works								
Health and welfare								
Culture and recreation								
Education		3,551,838	1,125,720					
Capital outlay								
Debt service								
Total expenditures	<u>29,791</u>	<u>3,551,838</u>	<u>1,125,720</u>	<u>-</u>	<u>-</u>	<u>52,182</u>	<u>-</u>	<u>67,310</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(10,737)</u>	<u>(9,436)</u>	<u>27,953</u>	<u>455</u>	<u>4,753</u>	<u>(51,154)</u>	<u>9,168</u>	<u>12,154</u>
Other Financing Sources (Uses):								
Transfers in								
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(10,737)	(9,436)	27,953	455	4,753	(51,154)	9,168	12,154
Fund Balances at Beginning of Year	<u>22,064</u>	<u>26,614</u>	<u>391,432</u>	<u>4,893</u>	<u>191,353</u>	<u>104,360</u>	<u>53,376</u>	<u>60,938</u>
Fund Balances at End of Year	<u>\$ 11,327</u>	<u>\$ 17,178</u>	<u>\$ 419,385</u>	<u>\$ 5,348</u>	<u>\$ 196,106</u>	<u>\$ 53,206</u>	<u>\$ 62,544</u>	<u>\$ 73,092</u>

(Continued on next page)

TOWN OF WOLCOTT, CONNECTICUT

EXHIBIT B-2

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

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Insurance Claims	FHCC Monument/ Plaque Donations	Senior Center	Board of Education		Capital and Nonrecurring Fund	
				Summer Studies	Latch Key Program		
Revenues:							
Licenses, permits and other charges	\$	\$	\$	\$	\$	\$	27,543
Intergovernmental revenues							4,066,349
Charges for services				44,363	335,622		3,021,944
Income on investments						249	2,498
Other	38,124		4,002			150,000	230,048
Total revenues	<u>38,124</u>	<u>-</u>	<u>4,002</u>	<u>44,363</u>	<u>335,622</u>	<u>150,249</u>	<u>7,348,382</u>
Expenditures:							
Current:							
General government							98,734
Public safety	304						129,710
Public works	20,759						876,745
Health and welfare			4,128				4,128
Culture and recreation	6,970						540,337
Education				44,685	283,007		5,005,250
Capital outlay						150,249	170,721
Debt service							258,247
Total expenditures	<u>28,033</u>	<u>-</u>	<u>4,128</u>	<u>44,685</u>	<u>283,007</u>	<u>150,249</u>	<u>7,083,872</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10,091</u>	<u>-</u>	<u>(126)</u>	<u>(322)</u>	<u>52,615</u>	<u>-</u>	<u>264,510</u>
Other Financing Sources (Uses):							
Transfers in							26,000
Transfers out						(142,336)	(224,712)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(142,336)</u>	<u>(198,712)</u>
Net Change in Fund Balances	10,091	-	(126)	(322)	52,615	(142,336)	65,798
Fund Balances at Beginning of Year	<u>15,357</u>	<u>1,537</u>	<u>1,928</u>	<u>40,524</u>	<u>20,915</u>	<u>175,000</u>	<u>2,445,406</u>
Fund Balances at End of Year	<u>\$ 25,448</u>	<u>\$ 1,537</u>	<u>\$ 1,802</u>	<u>\$ 40,202</u>	<u>\$ 73,530</u>	<u>\$ 32,664</u>	<u>\$ 2,511,204</u>

## TOWN OF WOLCOTT, CONNECTICUT

## CAPITAL IMPROVEMENT FUND

## PROJECT STATUS SUMMARY

FOR THE YEAR ENDED JUNE 30, 2011

Project Description	Fund Balance July 1, 2010	Revenues			Expenditures		Other Financing Source	Fund Balance June 30, 2011
		Capital Grants	Investment Income	Other Income	Capital Outlay	Transfers In (Out)	Issuance of Bonds	
<b>Current Capital Bonding Projects</b>								
Communications Center	\$ (3,567,152)	\$	\$ 495	\$ 56,495	\$ 2,877	\$	\$ 3,490,000	\$ (23,039)
Youth Center	(275,584)		73	8,341	226,547		550,000	56,283
439 Bound Line Road Purchase	(425,051)		56	6,451	6,449		425,000	7
Clinton Hill Waterline	206,144		205			(195,000)		11,349
FHCC Land Acquisition								
Various Capital Projects - Phase I	(24,471)				117,865	142,336		
Various Capital Projects - Phase II	25,035		58					25,093
Long Swamp Road Reconstruction		488,699			488,699			
Peterson Park		6,649			6,649			
<b>Other Capital Projects</b>								
Road Improvements - Nutmeg Valley/Rt. 69	(4)	30,595			30,595	235,000		234,996
Biology Lab - WHS	13,619							13,619
DAM Repairs	17,959							17,959
BOE Physics Lab	11,742							11,742
School Projects	380,327		351		82,323			298,355
Wolcott Hills - Route 69 Waterline	172,718					(172,718)		
BAW STEAP	(789)							(789)
Total	\$ (3,465,507)	\$ 525,943	\$ 1,238	\$ 71,287	\$ 962,004	\$ 9,618	\$ 4,465,000	\$ 645,575

## TOWN OF WOLCOTT, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2011

	<b>Student Activity Fund</b>	<b>Performance Bond Fund</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Assets:			
Cash and cash equivalents	\$ 137,959	\$ 282,450	\$ 420,409
Due from other funds		14,000	14,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 137,959</u>	<u>\$ 296,450</u>	<u>\$ 434,409</u>
Liabilities:			
Due to student groups	\$ 137,959		\$ 137,959
Due to agencies		296,450	296,450
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 137,959</u>	<u>\$ 296,450</u>	<u>\$ 434,409</u>

## TOWN OF WOLCOTT, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Student Activity Fund</b>				
Assets:				
Cash	\$ 151,170	\$ 597,588	\$ 610,799	\$ 137,959
Liabilities:				
Due to student groups	\$ 151,170	\$ 597,588	\$ 610,799	\$ 137,959
<b>Performance Bond Fund</b>				
Assets:				
Cash	\$ 257,279	\$ 92,750	\$ 67,579	\$ 282,450
Accounts receivable	3,150		3,150	-
Due from other funds	14,000			14,000
Total Assets	\$ 274,429	\$ 92,750	\$ 70,729	\$ 296,450
Liabilities:				
Due to agencies	\$ 274,429	\$ 92,750	\$ 70,729	\$ 296,450
<b>Total - All Agency Funds</b>				
Assets:				
Cash	\$ 408,449	\$ 690,338	\$ 678,378	\$ 420,409
Accounts receivable	3,150		3,150	-
Due from other funds	14,000			14,000
Total Assets	\$ 425,599	\$ 690,338	\$ 681,528	\$ 434,409
Liabilities:				
Due to student groups	\$ 151,170	\$ 597,588	\$ 610,799	\$ 137,959
Due to agencies	274,429	92,750	70,729	296,450
Total Liabilities	\$ 425,599	\$ 690,338	\$ 681,528	\$ 434,409



## TOWN OF WOLCOTT, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

JUNE 30, 2011

(In Thousands)

Total tax collections (including interest and lien fees)					\$	31,583
Reimbursement for revenue loss on:						
Tax relief for the elderly - Elderly freeze						<u>4</u>
Base					\$	<u><u>31,587</u></u>
		<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Bonds</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Debt Limitation						
2-1/4 times base	\$	71,071	\$		\$	\$
4-1/2 times base			142,142			
3-3/4 times base				118,451		
3-1/4 times base					102,658	
3 times base						94,761
Total debt limitation		<u>71,071</u>	<u>142,142</u>	<u>118,451</u>	<u>102,658</u>	<u>94,761</u>
Indebtedness:						
Bonds payable		7,282	17,151			
Project loan				1,489		
Debt authorized and unissued**		206	40			
School building grants***			(6,408)			
Total indebtedness		<u>7,488</u>	<u>10,783</u>	<u>1,489</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of						
Outstanding and Authorized Debt	\$	<u>63,583</u>	\$	<u>131,359</u>	\$	<u>116,962</u>
					\$	<u>102,658</u>
					\$	<u>94,761</u>

In no case shall total indebtedness exceed seven times annual receipts from taxation, or \$221,081.

\* In accordance with State Statutes, bonds payable consisting of uniform fiscal year conversion bonds totaling \$53 and \$4,059 in water bonds are excluded from this statement.

\*\* In accordance with State Statutes, debt authorized and unissued consisting of water authorizations totaling \$112 are excluded from this statement.

\*\*\* School Building Grants totaling \$6,408 are applicable to outstanding bond issues.