

**TOWN OF WOLCOTT, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2013**

# TOWN OF WOLCOTT, CONNECTICUT

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## Independent Auditors' Report

To the Town Council  
Town of Wolcott, Connecticut

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### ***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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the budgetary comparison information on pages 51 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013 on our consideration of the Town of Wolcott, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wolcott, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
November 26, 2013

**TOWN OF WOLCOTT, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

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, 2013. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

**Financial Highlights**

- Net position of our governmental activities decreased by \$914,800 or 1.67%.
- During the year, the Town had expenses that were \$914,800 more than the \$57,898,072 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$58,812,872 with no new programs added this year.
- The General Fund reported a fund balance this year of \$3,094,896. A \$250,000 transfer from the unassigned fund balance to the Capital and Nonrecurring Fund was approved for various capital improvements. The unassigned fund balance increased by \$368,363 from \$2,542,999 to \$2,911,362.
- The resources available for appropriation were \$437,965 more than budgeted for the General Fund. Expenditures were under spent by \$180,398, thereby contributing to the \$368,363 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 position 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 position 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 position and changes in them. The Town's net position, 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 position 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 position 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 position 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 position 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 position and changes in fiduciary net position. 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 position decreased from a year ago, from \$54,755,735 to \$53,840,935. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1**  
**NET POSITION**

	Governmental	
	2013	2012
Current and other assets	\$ 24,125,442	\$ 29,774,888
Capital assets, net of accumulated depreciation	78,545,655	74,064,219
Total assets	<u>102,671,097</u>	<u>103,839,107</u>
Long-term liabilities outstanding	35,998,482	38,031,269
Other liabilities	12,831,680	11,052,103
Total liabilities	<u>48,830,162</u>	<u>49,083,372</u>
Net Position:		
Net investment in capital assets	44,810,141	44,372,996
Unrestricted	<u>9,030,794</u>	<u>10,382,739</u>
Total Net Position	<u>\$ 53,840,935</u>	<u>\$ 54,755,735</u>

Net position of the Town's governmental activities decreased \$914,800, a 1.67% decrease (\$53,840,935 compared to \$54,755,735). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$1,351,945 from \$10,382,739 at June 30, 2012 to \$9,030,794 at June 30, 2013.

**TABLE 2  
CHANGE IN NET POSITION**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Revenues:		
Program revenues:		
Charges for services	\$ 3,220,351	\$ 3,488,436
Operating grants and contributions	20,912,271	20,668,235
Capital grants and contributions	1,100,147	1,827,204
General revenues:		
Property taxes	32,098,562	31,086,889
Grants and contributions not restricted to specific purposes	442,716	454,979
Unrestricted investment earnings	5,554	6,511
Other general revenues	118,471	90,144
Total revenues	<u>57,898,072</u>	<u>57,622,398</u>
Expenses:		
General government	7,303,580	7,023,500
Public safety	5,502,815	5,926,932
Public works	4,283,590	4,392,996
Health and welfare	83,511	239,942
Culture and recreation	1,386,360	1,423,916
Education	39,280,461	39,185,344
Interest on long-term debt	972,555	1,139,426
Total expenses	<u>58,812,872</u>	<u>59,332,056</u>
Decrease in Net Position	<u>\$ (914,800)</u>	<u>\$ (1,709,658)</u>

The Town's total revenues were \$57,898,072. The total cost of all programs and services was \$58,812,872. Our analysis below separately considers the operations of governmental activities.

**Governmental Activities**

Total revenues realized by the Town were \$57,898,072 for the 2013 Fiscal Year, an increase of \$275,674 or 0.5% from last year.

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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General government	\$ 7,303,580	\$ 7,023,500	\$ 6,946,669	\$ 6,703,902
Public safety	5,502,815	5,926,932	5,244,932	5,272,507
Public works	4,283,590	4,392,996	2,007,271	1,673,058
Culture and recreation	1,386,360	1,423,916	442,894	724,361
Education	39,280,461	39,185,344	18,082,990	17,688,185
All others	1,056,066	1,379,368	855,347	1,286,168
 Total	 <u>\$ 58,812,872</u>	 <u>\$ 59,332,056</u>	 <u>\$ 33,580,103</u>	 <u>\$ 33,348,181</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 \$69,947, representing a decrease of \$6,038,643 from last year's total of \$6,108,590. Included in this year's total change in fund balance is a decrease of \$6,455,589 in the Town's Capital Improvement Fund resulting from the October 2012, \$9,780,000 Bond Anticipation Note. Prior to permanent bonding, Bond Anticipation Notes are recorded as a liability. The Capital Improvement Fund at June 30, 2012 listed a negative fund balance of \$1,184,115 compared to a negative fund balance at June 30, 2013 of \$7,639,704.

Included in this year's total change in fund balance is an increase of \$373,333 in the Town's General Fund. The Town's earned revenues were above budgeted estimates by \$437,965 as reflected in RSI-1. A \$605,475 favorable variance from federal, state and local grants contributed to the increased revenue. The Town's actual expenditures were \$180,398 less than budgeted for as reflected in RSI-2. The General Fund's \$180,398 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 \$3,094,896 reported on Exhibit III differs from the General Fund's budgetary fund balance of \$2,911,362. This is because the budgetary fund balance includes \$183,534 of outstanding encumbrances at year end that are reported as expenditures for budgetary purposes. The General Fund's unassigned fund balance increased from \$2,542,999 at June 30, 2012 to \$2,911,362 at June 30, 2013 for an increase of \$368,363. The General Fund's total fund balance of \$3,094,896 represents 6.3% of the General Fund's expenditures and other financing uses incurred during the year as compared with 5.7% at the end of the prior fiscal year. The General Fund's unassigned fund balance represents 5.9% of the General Fund's expenditures at June 30, 2013 compared to 5.3% at June 30, 2012.

**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, 2013 is \$428,814, an increase of \$8,344 from June 30, 2012. The fund's unrestricted net position decreased by \$590,572 from \$1,506,658 to \$916,086 as indicated on Exhibits V and VI.

## **Capital Asset and Debt Administration**

### **Capital Assets**

At June 30, 2013, the Town had \$78,545,655 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 increase (including additions, deductions and depreciation) of \$4,481,436 over last year.

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

	<b>Governmental</b>	
	<b>Activities</b>	
	<b>2013</b>	<b>2012</b>
Land	\$ 3,999,942	\$ 3,695,726
Land improvements	1,516,189	1,611,886
Buildings	33,219,702	33,703,049
Vehicles, machinery and equipment	5,518,943	5,720,145
Infrastructure	31,655,583	26,013,010
Construction in progress	2,635,296	3,320,403
Total	<u>\$ 78,545,655</u>	<u>\$ 74,064,219</u>

Major changes to capital assets included investments to the Town's infrastructure for road reconstruction by the use of Bond Anticipation Notes received in October 2011 and October 2012. The same Bond Anticipation Notes include other ongoing projects for improvements to Wolcott's public school facilities, a waterline, purchase of fire apparatus and extension of the walking trail at Scovill Reservoir.

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, 2013, the Town had \$23,915,000 in bonds outstanding versus \$26,535,000 last year, a decrease of 9.9%, as shown in Table 5.

**TABLE 5  
OUTSTANDING DEBT**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
General Obligation Bonds (Backed by the Town)	\$ 23,915,000	\$ 26,535,000

On October 25, 2012, the Town issued Bond Anticipation Notes totaling \$9,780,000 toward a bonding authorization of \$12,325,000 approved on August 27, 2011 for the following purposes:

<b>Project</b>	<b>Bonding Authorization</b>	<b>Bonded/Grants/ Paydowns</b>	<b>The Notes</b>	<b>Authorized But Unissued</b>
Road reconstruction and repairs	\$ 9,000,000	\$ -	\$ 7,000,000	\$ 2,000,000
Wolcott Schools upgrades	1,800,000	-	1,800,000	-
Woodtick Road waterline	350,000	-	350,000	-
Walking Trail at Scovill Reservoir	350,000	-	100,000	250,000
Fire truck purchase	500,000	-	500,000	-
Issuance costs	325,000	-	30,000	295,000
<b>Total</b>	<b>\$ 12,325,000</b>	<b>\$ -</b>	<b>\$ 9,780,000</b>	<b>\$ 2,545,000</b>

The Bond Anticipation Notes matured on October 24, 2013 at which time the Town issued Bond Anticipation Notes for the total authorization of \$12,325,000.

The Town's general obligation bond rating remained at A1. This was recalibrated by Moody's Investors Service to A1 from A3 in July 2010, 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 \$225 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 2014 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 decreased slightly. It now stands at 8.8% as compared to 9.5% a year ago. This compares with the State's unemployment rate of 8.1% and the national rate of 7.3%.

Inflation in Connecticut has been level with the National Consumer Price Index. Connecticut's CPI and the U.S. town average CPI for June 2013 were both 1.8%.

These indicators were taken into account when adopting the General Fund budget for 2013-14. The 2013-14 expenditure budget was approved by the Wolcott Town Council in the amount of \$49,977,152, a \$888,278 increase from the 2012-13 budget. The Board of Education expenditure budget remained level at \$32,261,281. Major changes included an increase in fringe benefits of \$466,238 including a \$300,000 increase in medical insurance expense and a \$136,582 increase in pension expense.

Estimated revenues for 2013-14, excluding property taxes, totaled \$17,438,930. The amount to be raised by current property taxes is \$32,063,222, with back tax collections estimated at \$475,000. The General Fund's unassigned fund balance as of June 30, 2013 is \$2,911,362, an increase of \$368,363.

The 2013-14 mill rate was set at 25.91 mills on a net grand list of \$1,256,554,704 reduced to a 98.5% grand list collection rate of \$1,237,706,383. This compares to a 98.5% grand list collection rate for 2012-13 of \$1,236,037,405.

### **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 POSITION

JUNE 30, 2013

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 11,572,730
Receivables, net	11,332,313
Deferred charges	1,162,384
Other assets	58,015
Capital assets:	
Assets not being depreciated	6,635,238
Assets being depreciated, net	71,910,417
Total assets	<u>102,671,097</u>
Liabilities:	
Accounts and other payables	2,936,482
Due to fiduciary funds	14,000
Unearned revenue	101,198
Notes payable	9,780,000
Noncurrent liabilities:	
Due within one year	3,616,225
Due in more than one year	32,382,257
Total liabilities	<u>48,830,162</u>
Net Position:	
Net investment in capital assets	44,810,141
Unrestricted	<u>9,030,794</u>
Total Net Position	<u>\$ 53,840,935</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, 2013**

		Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes In Net Position
Governmental activities:						
General government	\$ 7,303,580	\$ 307,015	\$ 49,896			\$ (6,946,669)
Public safety	5,502,815	207,788	33,175	16,920		(5,244,932)
Public works	4,283,590	919,921	428,949	927,449		(2,007,271)
Health and welfare	83,511		200,719			117,208
Culture and recreation	1,386,360	606,718	336,748			(442,894)
Education	39,280,461	1,178,909	19,862,784	155,778		(18,082,990)
Interest on long-term debt	972,555					(972,555)
<b>Total Governmental Activities</b>	<b>\$ 58,812,872</b>	<b>\$ 3,220,351</b>	<b>\$ 20,912,271</b>	<b>\$ 1,100,147</b>	<b>(33,580,103)</b>	
General revenues:						
Property taxes						32,098,562
Grants and contributions not restricted to specific programs						442,716
Unrestricted investment earnings						5,554
Miscellaneous						118,471
Total general revenues						32,665,303
Change in net position						(914,800)
Net Position at Beginning of Year						54,755,735
Net Position at End of Year						\$ 53,840,935

The accompanying notes are an integral part of the financial statements

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

JUNE 30, 2013

	<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	\$ 3,149,701	\$ 2,320,536	\$ 1,707,448	\$ 266,622	\$ 2,795,548	\$ 10,239,855
Accounts receivable, net	6,168,304	27,860	1,857,001	1,991,813	1,275,310	11,320,288
Due from other funds	275,643					275,643
Inventories					20,461	20,461
<b>Total Assets</b>	<b><u>\$ 9,593,648</u></b>	<b><u>\$ 2,348,396</u></b>	<b><u>\$ 3,564,449</u></b>	<b><u>\$ 2,258,435</u></b>	<b><u>\$ 4,091,319</u></b>	<b><u>\$ 21,856,247</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 1,108,393	\$ 185,861	\$	\$ 57,072	\$ 545,444	\$ 1,896,770
Notes payable		9,780,000				9,780,000
Due to other funds	14,000	22,224			253,419	289,643
Deferred revenue	5,376,359	15	1,857,001	2,201,363	385,149	9,819,887
<b>Total liabilities</b>	<b><u>6,498,752</u></b>	<b><u>9,988,100</u></b>	<b><u>1,857,001</u></b>	<b><u>2,258,435</u></b>	<b><u>1,184,012</u></b>	<b><u>21,786,300</u></b>
Fund balances:						
Nonspendable					20,461	20,461
Restricted					163,089	163,089
Committed			1,707,448		2,819,514	4,526,962
Assigned	183,534					183,534
Unassigned	2,911,362	(7,639,704)			(95,757)	(4,824,099)
<b>Total fund balances</b>	<b><u>3,094,896</u></b>	<b><u>(7,639,704)</u></b>	<b><u>1,707,448</u></b>	<b><u>-</u></b>	<b><u>2,907,307</u></b>	<b><u>69,947</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 9,593,648</u></b>	<b><u>\$ 2,348,396</u></b>	<b><u>\$ 3,564,449</u></b>	<b><u>\$ 2,258,435</u></b>	<b><u>\$ 4,091,319</u></b>	<b><u>\$ 21,856,247</u></b>

(Continued on next page)

## TOWN OF WOLCOTT, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

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

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

Fund balances - total governmental funds	\$ 69,947
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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	\$ 139,806,873	
Less accumulated depreciation	<u>(61,261,218)</u>	
Net capital assets		78,545,655

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

Bond issuance costs	37,554
Deferred charges - sewer treatment plant	1,162,384
Property tax receivables greater than 60 days	618,887
Interest receivable on property taxes	168,284
Assessments receivable	1,857,001
Loans receivable	2,201,363
Receivable from the State for school construction projects	4,533,899
Other receivables	339,255

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 position.

	916,086
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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	(23,915,000)
Premium on bonds payable	(1,068,511)
Deferred charges on refunding	834,775
State of Connecticut - serial notes payable	(1,162,384)
Interest payable on bonds and notes	(610,898)
Heart and hypertension obligations	(1,569,534)
Compensated absences	(2,829,328)
Retirement obligations	(9,975)
Capital leases	(964,930)
Net pension obligation	(228,009)
Net OPEB obligation	<u>(5,085,586)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 53,840,935</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, 2013**

	General	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Programs	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
General property taxes	\$ 32,153,900	\$	\$	\$		\$ 32,153,900
Licenses, permits and other charges	335,298				28,420	363,718
Intergovernmental revenues	20,168,083	151,556	480,814	132,769	1,884,771	22,337,179
Charges for services	258,122				2,906,741	3,645,677
Investment income	3,359	132	236	101	1,466	5,294
Other	190,487	114,429		44,663	65,239	414,818
Total revenues	<u>53,109,249</u>	<u>266,117</u>	<u>481,050</u>	<u>177,533</u>	<u>4,886,637</u>	<u>58,920,586</u>
Expenditures:						
Current:						
General government	5,423,224				51,948	5,475,172
Public safety	4,806,912				194,910	5,001,822
Public works	1,768,055				1,221,965	2,990,020
Health and welfare	169,872			245,630	635	416,137
Culture and recreation	620,633				879,396	1,500,029
Education	36,419,835	6,686,239			2,429,283	38,849,118
Capital outlay	421,830				206,960	7,108,069
Debt service	3,833,732	6,686,239		245,630	4,985,097	4,040,692
Total expenditures	<u>53,464,093</u>	<u>(6,420,122)</u>	<u>481,050</u>	<u>(68,097)</u>	<u>(98,460)</u>	<u>65,381,059</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(354,844)</u>					<u>(6,460,473)</u>
Other Financing Sources (Uses):						
Transfers in	582,347				276,000	858,347
Transfers out	(276,000)	(35,467)	(464,503)		(82,377)	(858,347)
Issuance of capital lease	421,830				421,830	421,830
Total other financing sources (uses)	<u>728,177</u>	<u>(35,467)</u>	<u>(464,503)</u>		<u>193,623</u>	<u>421,830</u>
Net Change in Fund Balances	373,333	(6,455,589)	16,547	(68,097)	95,163	(6,038,643)
Fund Balances at Beginning of Year	2,721,563	(1,184,115)	1,690,901	68,097	2,812,144	6,108,590
Fund Balances at End of Year	<u>\$ 3,094,896</u>	<u>\$ (7,639,704)</u>	<u>\$ 1,707,448</u>	<u>\$ -</u>	<u>\$ 2,907,307</u>	<u>\$ 69,947</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, 2013

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund 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)	\$	(6,038,643)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	7,405,433
Depreciation expense	(2,722,248)

In the statement of activities, the loss on the sale or disposal of capital assets is reported. However, in the governmental funds, the transaction is not reported. Thus the change in net position differs from the change in fund balance by the loss on assets disposed.

	(201,749)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts and adjustments	(652,095)
Property tax receivable - accrual basis change	(54,270)
Property tax interest and lien revenue - accrual basis change	(1,068)
Loans receivable - accrual basis change	339,511
Assessments receivable - accrual basis change	(349,473)
Other receivables - accrual basis change	34,133

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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	2,620,000
Amortization of deferred amount on refunding	(74,848)
Amortization of premium	66,093
Deferred bond issuance costs	(6,258)
State of Connecticut - serial note payments	164,871
Accrued interest on bonds and serial notes	54,583
Capital lease payments	429,822
Capital lease financing	(421,830)

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	135,148
Change in long-term compensated absences	111,739
Change in long-term retirement obligations	1,425
Deferred charge amortization	(164,871)
Net OPEB expense	(1,023,875)
Net pension expense	24,242

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.

	<u>(590,572)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	\$	<u><u>(914,800)</u></u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF WOLCOTT, CONNECTICUT

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2013

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Assets:	
Cash and cash equivalents	\$ 1,332,875
Accounts receivable, net	12,025
Total assets	<u>1,344,900</u>
Liabilities:	
Current:	
Risk management claims	<u>428,814</u>
Net Position:	
Unrestricted	<u>\$ 916,086</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 POSITION -  
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Operating Revenues:	
Fund premiums	\$ 4,832,833
Employee contributions	1,617,562
Total operating revenues	<u>6,450,395</u>
Operating Expenses:	
Employee claims	6,369,635
Premiums	273,795
Administrative expense	397,901
Total operating expenses	<u>7,041,331</u>
Operating Loss	(590,936)
Nonoperating Income:	
Income on investments	<u>364</u>
Change in Net Position	(590,572)
Net Position at Beginning of Year	<u>1,506,658</u>
Net Position at End of Year	<u>\$ 916,086</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, 2013**

	<b>Governmental Activities</b> <hr/> <b>Internal Service Fund</b> <hr/>
Cash Flows from Operating Activities:	
Cash received from premiums	\$ 4,832,534
Cash received from employees	1,617,562
Cash payments to providers of benefits	(7,032,987)
Net cash used in operating activities	<hr/> <u>(582,891)</u>
Cash Flows from Investing Activities:	
Income on investments	<hr/> 364
Net Decrease in Cash and Cash Equivalents	(582,527)
Cash and Cash Equivalents at Beginning of Year	<hr/> 1,915,402
Cash and Cash Equivalents at End of Year	\$ <hr/> <u><u>1,332,875</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (590,936)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Increase in accounts receivable	(299)
Increase in risk management claims reserve	<hr/> 8,344
Net Cash Used in Operating Activities	\$ <hr/> <u><u>(582,891)</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WOLCOTT, CONNECTICUT

## STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2013

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund <u>Scholarship Fund</u></b>	<b>Agency Funds</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 812,703	\$ 10,793	\$ 366,744
<b>Investments:</b>			
Certificate of deposits	1,210,524	231,615	
Corporate bonds	268,647		
Guaranteed annuity contracts	4,719,500		
Mutual funds	16,346,268		
Due from other funds			<u>14,000</u>
Total assets	<u>23,357,642</u>	<u>242,408</u>	<u>\$ 380,744</u>
<b>Liabilities:</b>			
Deposits held for others			<u>\$ 380,744</u>
<b>Net Position:</b>			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 23,357,642</u>	<u>\$ 242,408</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF WOLCOTT, CONNECTICUT

## STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Fund</u>  <u>Scholarship Fund</u>
Additions:		
Contributions:		
Employer	\$ 1,445,875	\$
Plan members	92,658	
Total contributions	<u>1,538,533</u>	<u>-</u>
Investment income:		
Net decrease in fair value of investments	1,905,432	
Interest and dividends	404,385	17,309
Net investment earnings	<u>2,309,817</u>	<u>17,309</u>
Less investment fee expense	98,612	
Net increase in investments	<u>2,211,205</u>	<u>17,309</u>
Total additions	<u>3,749,738</u>	<u>17,309</u>
Deductions:		
Benefits	1,601,775	
Administration	44,699	
Scholarship awards		19,784
Total deductions	<u>1,646,474</u>	<u>19,784</u>
Net Increase (Decrease) in Net Position	2,103,264	(2,475)
Net Position Held in Trust for Pension Benefits/Trust Purposes at Beginning of Year	<u>21,254,378</u>	<u>244,883</u>
Net Position Held in Trust for Pension Benefits/Trust Purposes at End of Year	<u>\$ 23,357,642</u>	<u>\$ 242,408</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 \$14,116 were incurred in 2012-13 related to the Town's participation in TROC.

The unassigned fund balance for fiscal year ended June 30, 2013 as reflected in TROC's financial statements is \$.4 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 \$519,495 this year. The unassigned fund balance for fiscal year ended June 30, 2013 as reflected in BRRFOC's financial statements is \$4.9 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. These bonds have been defeased. The defeased balance of these bonds is \$10,535,000 at June 30, 2013.

## **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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.

The *Agency Funds* account for the monies from various self-funding school activity programs and performance bond activity.

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 fund 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 1. 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 \$86,107 has been established as an allowance for uncollected taxes. At June 30, 2013, this represents 9.9% 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 position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of 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 position” and is classified in the following categories:

Net Investment in Capital Assets - This component of net position 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 Position - Net position is restricted because it is 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 Position - This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

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

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

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

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter.

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

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 Town Council holds a public hearing on the budget. Not less than 20 days before the beginning of the fiscal year, the Town 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 Town 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**

Capital Improvement Fund	\$ 7,639,704
Nonmajor Funds:	
Special Revenue Funds:	
Farmingbury Hills Country Club	95,757

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*, \$11,222,951 of the Town's bank balance of \$14,335,818 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,000,656
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,222,295</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 11,222,951</u>

### Cash Equivalents

At June 30, 2013, the Town's cash equivalents amounted to \$1,031,040. 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 &amp; Poor's</u>	<u>Fitch Ratings</u>
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, 2013, 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+ to AA-	\$ 268,647	\$	\$ 268,647	\$
Certificates of deposit	*	<u>1,442,139</u>	<u>31,616</u>	<u>1,410,523</u>	<u>          </u>
Total		1,710,786	<u>\$ 31,616</u>	<u>\$ 1,679,170</u>	<u>\$ -</u>
Other investments:					
Guaranteed annuity contracts		4,719,500			
Mutual funds		<u>16,346,268</u>			
Total Investments		<u>\$ 22,776,554</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 that 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, 2013, the Town's certificates of deposit were insured by federal depository insurance. The Town's other investments are 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	\$ 870,214					\$ 870,214
Accrued interest on taxes	220,666					220,666
Intergovernmental	4,953,507	27,860			246,236	5,227,603
Accounts	242,024		1,976,601		1,064,404	3,283,029
Other	20,382				12,025	32,407
Assessments					29,432	29,432
Loans and accrued interest on loans				1,991,813		1,991,813
Gross receivables	<u>6,306,793</u>	<u>27,860</u>	<u>1,976,601</u>	<u>1,991,813</u>	<u>1,352,097</u>	<u>11,655,164</u>
Less allowance for uncollectibles:						
Taxes	86,107					86,107
Accrued interest on taxes	52,382					52,382
Accounts			119,600		53,162	172,762
Assessments					11,600	11,600
Total allowance	<u>138,489</u>	<u>-</u>	<u>119,600</u>	<u>-</u>	<u>64,762</u>	<u>322,851</u>
Net Total Receivables	<u>\$ 6,168,304</u>	<u>\$ 27,860</u>	<u>\$ 1,857,001</u>	<u>\$ 1,991,813</u>	<u>\$ 1,287,335</u>	<u>\$ 11,332,313</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	\$ 618,887	\$	\$ 618,887
Accrued interest on delinquent property taxes	168,284		168,284
School building construction grant receivables	4,533,899		4,533,899
Advance tax collections		35,356	35,356
Other deferred revenue		19,933	19,933
Capital Improvement Fund:			
Grant drawdowns prior to meeting all eligibility requirements		15	15
Water Assessments Fund:			
Water line assessments	1,857,001		1,857,001
Small Cities Grant Programs:			
Housing loans	2,201,363		2,201,363
Nonmajor funds and other funds:			
Grant drawdowns prior to meeting all eligibility requirements		43,594	43,594
Other deferred revenue	339,255	2,300	341,555
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ <u>9,718,689</u>	 \$ <u>101,198</u>	 \$ <u>9,819,887</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 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	\$ 3,695,726	\$ 304,216	\$	\$ 3,999,942
Construction in progress	<u>3,320,403</u>	<u>1,186,794</u>	<u>(1,871,901)</u>	<u>2,635,296</u>
Total capital assets not being depreciated	<u>7,016,129</u>	<u>1,491,010</u>	<u>(1,871,901)</u>	<u>6,635,238</u>
Capital assets being depreciated:				
Land improvements	4,261,177			4,261,177
Buildings	55,772,202	525,798		56,298,000
Vehicles, machinery and equipment	15,105,936	667,168	(25,165)	15,747,939
Infrastructure	<u>51,042,913</u>	<u>6,593,358</u>	<u>(771,752)</u>	<u>56,864,519</u>
Total capital assets being depreciated	<u>126,182,228</u>	<u>7,786,324</u>	<u>(796,917)</u>	<u>133,171,635</u>
Less accumulated depreciation for:				
Land improvements	(2,649,291)	(95,697)		(2,744,988)
Buildings	(22,069,153)	(1,009,145)		(23,078,298)
Vehicles, machinery and equipment	(9,385,791)	(868,370)	25,165	(10,228,996)
Infrastructure	<u>(25,029,903)</u>	<u>(749,036)</u>	<u>570,003</u>	<u>(25,208,936)</u>
Total accumulated depreciation	<u>(59,134,138)</u>	<u>(2,722,248)</u>	<u>595,168</u>	<u>(61,261,218)</u>
Total capital assets being depreciated, net	<u>67,048,090</u>	<u>5,064,076</u>	<u>(201,749)</u>	<u>71,910,417</u>
Governmental Activities Capital Assets, Net	<u>\$ 74,064,219</u>	<u>\$ 6,555,086</u>	<u>\$ (2,073,650)</u>	<u>\$ 78,545,655</u>

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

Governmental activities:	
General government	\$ 83,977
Public safety	613,677
Public works	919,701
Culture and recreation	190,547
Education	<u>914,346</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,722,248</u>

## Construction Commitments

The Town has the following active construction projects as of June 30, 2013. At year end, the Town's projects and commitments with contractors are as follows:

	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance June 30, 2013</u>
Long Swamp Road Reconstruction	\$ 544,600	\$ 502,990	\$	\$ 41,610
Road Reconstruction and Repairs	10,653,800	8,054,584	139,250	2,459,966
Fire Engine Purchase	500,000	499,891		109
Wolcott Public School Upgrades	1,800,000	509,979	142,088	1,147,933
Lower Woodtick Road Waterline	350,000	162,685		187,315
Walking Trail - Scovill Reservoir	350,000	21,299	11,850	316,851
	<u>\$ 14,198,400</u>	<u>\$ 9,751,428</u>	<u>\$ 293,188</u>	<u>\$ 4,153,784</u>
Total				

## 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, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 253,419
General Fund	Capital Improvement Fund	22,224
Agency Funds	General Fund	<u>14,000</u>
		<u>\$ 289,643</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>	
	<u>Nonmajor Governmental Funds</u>	<u>Total Transfers Out</u>
	<u>General</u>	
Transfers out:		
General Fund	\$	\$ 276,000
Capital Improvement Fund	35,467	35,467
Water Assessments Fund	464,503	464,503
Nonmajor Governmental	<u>82,377</u>	<u>82,377</u>
Total Transfers In	<u>\$ 582,347</u>	<u>\$ 858,347</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, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 26,535,000	\$	\$ 2,620,000	\$ 23,915,000	\$ 2,625,000
Add: premium on refunding	1,134,604		66,093	1,068,511	
Less: deferred amounts on refunding	<u>(909,623)</u>		<u>(74,848)</u>	<u>(834,775)</u>	
Total bonds payable	26,759,981	-	2,611,245	24,148,736	2,625,000
State of Connecticut - serial notes payable	1,327,255		164,871	1,162,384	168,081
Heart and hypertension obligations	1,704,682	6,858	142,006	1,569,534	113,428
Compensated absences	2,941,067	160,890	272,629	2,829,328	294,638
Retirement obligations	11,400	83,257	84,682	9,975	1,425
Capital leases	972,922	421,830	429,822	964,930	413,653
Net pension obligation	252,251	1,421,633	1,445,875	228,009	
Net OPEB obligation	<u>4,061,711</u>	<u>1,778,265</u>	<u>754,390</u>	<u>5,085,586</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 38,031,269</u>	<u>\$ 3,872,733</u>	<u>\$ 5,905,520</u>	<u>\$ 35,998,482</u>	<u>\$ 3,616,225</u>

Bonds payable at June 30, 2013 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, 2013</u>
Bonds:					
School Improvements, Waterline Extensions and Farmingbury Clubhouse	03/15/02	03/15/22	\$ 14,885,000	3.00-6.50	\$ 250,000
Refunding Bond	11/15/04	08/01/19	10,125,000	3.00-4.00	3,535,000
General Improvements, Land Acquisition and Waterline Extensions	08/15/06	08/15/26	7,780,000	4.00-5.00	5,195,000
Refunding Bond	08/09/10	08/01/29	12,785,000	2.0-5.0	3,995,000
School and General Improvements	08/09/10	08/01/29	4,465,000	3.0-4.125	<u>10,940,000</u>
Total Outstanding					<u>\$ 23,915,000</u>

The Town will retire the bonds from General Fund revenues.

The annual requirements to amortize bonds payable as of June 30, 2013 are as follows:

<b>Due During Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	2,460,000	648,702	3,108,702
2018	2,425,000	544,126	2,969,126
2019-2023	8,580,000	1,272,208	9,852,208
2024-2028	2,235,000	280,599	2,515,599
2029-2030	470,000	19,387	489,387
<b>Total</b>	<b>\$ 23,915,000</b>	<b>\$ 5,314,116</b>	<b>\$ 29,229,116</b>

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

	<b>Bonds Authorized</b>	<b>Bonded/ Paydowns</b>	<b>Grants Received</b>	<b>Notes Outstanding</b>	<b>Authorized Unissued</b>
Clinton Hill Waterline	\$ 5,420,000	\$ 3,760,000	\$ 1,548,000	\$	\$ 112,000
Road Reconstruction and Repairs	9,325,000			7,030,000	2,295,000
Various Capital Improvements - Phase	1,419,000	1,290,000			129,000
439 Bound Line Road Purchase	465,000	425,000			40,000
Walking Trail - Scovill Reservoir	350,000			100,000	250,000
Senior Center Building	452,300	375,000			77,300
<b>Total</b>	<b>\$ 17,431,300</b>	<b>\$ 5,850,000</b>	<b>\$ 1,548,000</b>	<b>\$ 7,130,000</b>	<b>\$ 2,903,300</b>

### Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2013:

<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate (%)</b>	<b>Balance July 1, 2012</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance June 30, 2013</b>
10/19/11	10/25/12	1.50	\$ 7,280,000	\$ -	\$ 7,280,000	\$ -
10/25/12	10/24/13	1.50	-	9,780,000	-	9,780,000

### Heart and Hypertension Obligations

The Town's estimated liability for heart and hypertension obligations as of June 30, 2013 is \$1,569,534. Currently, two spousal and one direct beneficiary receive weekly benefit payments that are subject to annual COLA adjustments. Total benefit payments and adjustments decreased the estimated liability by \$135,148 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, 2013 are summarized as follows:

Town:		
Vested:		
Sick	\$	713,787
Board of Education:		
Vested:		
Sick		577,530
Severance		88,597
Nonvested:		
Sick*		1,175,234
Severance*		<u>274,180</u>
Total	\$	<u><u>2,829,328</u></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, 2013 is \$9,975. 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>
2014	\$ 1,425
2015	1,425
2016	1,425
2017	1,425
2018	1,425
2019-2020	<u>2,850</u>
Total	\$ <u><u>9,975</u></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, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 442,995
2015	296,536
2016	206,794
2017	<u>74,178</u>
Total lease payments	1,020,503
Less amount representing interest	<u>(55,573)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 964,930</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 \$1,162,384 as of June 30, 2013. 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:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 168,081	\$ 21,712	\$ 189,793
2015	166,532	18,357	184,889
2016	168,908	15,013	183,921
2017	160,611	11,700	172,311
2018	162,776	8,478	171,254
2019-2020	<u>335,476</u>	<u>7,033</u>	<u>342,509</u>
Total	<u>\$ 1,162,384</u>	<u>\$ 82,293</u>	<u>\$ 1,244,677</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:

Category	(In thousands)		
	Debt Limitation*	Net Indebtedness	Balance
General purpose	\$ 72,356	\$ 9,027	\$ 63,329
Schools	144,711	9,740	134,971
Sewers	120,593	1,162	119,431
Urban renewal	104,514		104,514
Pension deficit	96,474		96,474

\*In no case shall total indebtedness exceed seven times annual receipts from taxation (\$225 million).

Net indebtedness, as recorded above, is net of school building grants in the amount of \$4,534.

Water bonds of \$3,405 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, 2013 are as follows:

	General Fund	Capital Improvement Fund	Major Special Revenue Funds		Nonmajor Governmental Funds	Total
			Water Assessments Fund	Small Cities Grant Programs Fund		
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 20,461	\$ 20,461
Restricted for:						
Grants					161,127	161,127
Donations					1,962	1,962
Committed to:						
Recreation					98,594	98,594
Public safety					158,697	158,697
Education					511,701	511,701
Planning and zoning					200,759	200,759
General government					397,851	397,851
Debt			1,707,448		1,451,912	3,159,360
Assigned to:						
Education	183,534					183,534
Unassigned	<u>2,911,362</u>	<u>(7,639,704)</u>			<u>(95,757)</u>	<u>(4,824,099)</u>
Total Fund Balances	<u>\$ 3,094,896</u>	<u>\$ (7,639,704)</u>	<u>\$ 1,707,448</u>	<u>\$ -</u>	<u>\$ 2,907,307</u>	<u>\$ 69,947</u>

Significant encumbrances at June 30, 2013 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 \$428,814 included in accrued liabilities reported in the Internal Service Fund at June 30, 2013 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:

		<b>Liability</b>	<b>Current Year</b>			<b>Liability</b>
		<b>July 1,</b>	<b>Claims and</b>	<b>Claim</b>		<b>June 30,</b>
		<b>July 1,</b>	<b>Changes in</b>	<b>Payments</b>		<b>June 30,</b>
		<b>July 1,</b>	<b>Estimates</b>	<b>Payments</b>		<b>June 30,</b>
2011-12	\$	442,184	\$ 6,138,825	\$ 6,160,539	\$	420,470
2012-13		420,470	6,377,979	6,369,635		428,814

**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, 2012, plan membership consisted of the following:

	<b><u>Postemployment Welfare Program</u></b>
Retired participants, spouses and beneficiaries	239
Active plan members	<u>443</u>
Total Participants	<u><u>682</u></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 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:

	<u>Postemployment Welfare Program</u>
Annual required contribution (ARC)	\$ 1,869,928
Interest on net OPEB obligation	162,468
Adjustment to annual required contribution	<u>(254,131)</u>
Annual OPEB Cost	1,778,265
Contributions made	<u>754,390</u>
Increase in net OPEB obligation	1,023,875
Net OPEB obligation - beginning of year	<u>4,061,711</u>
Net OPEB Obligation - End of Year	<u><u>\$ 5,085,586</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, 2013 is presented below.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 1,813,886	\$ 1,031,781	56.88%	\$ 3,017,734
6/30/2012	1,878,949	834,972	44.44%	4,061,711
6/30/2013	1,778,265	754,390	42.42%	5,085,586

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.

<u>Schedule of Funding Progress</u>						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
7/1/2008	\$ -	\$ 18,646,344	\$ 18,646,344	0%	\$ 25,203,401	74%
7/1/2010	-	21,462,037	21,462,037	0%	21,419,478	100%
7/1/2012	-	20,645,315	20,645,315	0%	24,373,895	85%

**Schedule of Employer Contributions**

	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/2009 \$	1,682,021	16%
6/30/2010	1,765,311	52%
6/30/2011	1,858,627	55%
6/30/2012	1,943,041	43%
6/30/2013	1,869,928	40%

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, 2012 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, 2012 of 26 years.

## 11. PENSION PLANS

### 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, 2013)</b>	<b>(September 1, 2012)</b>
	<b>Town General Pension Plan</b>	<b>Board of Education General Pension Plan</b>
	<hr/>	<hr/>
Retirees, disabled and beneficiaries currently receiving benefits	47	75
Terminated employees entitled to benefits but not yet receiving them	29	21
Current employees:		
Vested	68	62
Nonvested	19	45
	<hr/>	<hr/>
Total	<u>163</u>	<u>203</u>

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 16.4% 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:

	<u>Town General Pension Plan</u>	<u>Board of Education General Pension Plan</u>
Annual required contribution	\$ 886,264	\$ 532,540
Interest on net pension obligation	5,726	13,551
Adjustment to annual required contribution	<u>(4,366)</u>	<u>(12,082)</u>
Annual pension cost	887,624	534,009
Contributions made	<u>(888,418)</u>	<u>(557,457)</u>
Decrease in net pension obligation	(794)	(23,448)
Net pension obligation - beginning of year	<u>71,571</u>	<u>180,680</u>
Net Pension Obligation - End of Year	<u>\$ 70,777</u>	<u>\$ 157,232</u>

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, 2013	September 1, 2012
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll Closed	Level Percent of Payroll Closed
Remaining Amortization Period	26	22
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**

<b>Town General Pension Plan</b>					
<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>	
6/30/2011	\$ 987,981	\$ 1,209,593	122.43%	\$ 196,317	
6/30/2012	860,251	984,997	114.50%	71,571	
6/30/2013	887,624	888,418	100.09%	70,777	

<b>Board of Education General Pension Plan</b>					
<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>	
6/30/2011	\$ 495,724	\$ 526,490	106.21%	\$ 178,933	
6/30/2012	518,776	517,029	99.66%	180,680	
6/30/2013	534,009	557,457	104.39%	157,232	

**F. Pension Plan Required Supplementary Information**

<b>Schedule of Funding Progress - Town General Pension Plan</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>
1/1/2006	\$ 10,441,953	\$ 13,407,571	\$ 2,965,618	78%	\$ 4,302,962	69%
1/1/2007	11,427,597	14,315,426	2,887,829	80%	4,707,489	61%
1/1/2008	12,495,945	15,097,633	2,601,688	83%	5,043,697	52%
1/1/2009	11,055,040	17,580,084	6,525,044	63%	5,766,844	113%
1/1/2011	13,892,200	19,341,991	5,449,791	72%	5,126,851	106%
1/1/2013	14,222,210	21,982,643	7,760,433	65%	5,408,348	143%

<b>Schedule of Employer Contributions</b>		
	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/2008	\$ 637,778	102%
6/30/2009	611,505	101%
6/30/2010	945,999	70%
6/30/2011	979,110	124%
6/30/2012	856,294	115%
6/30/2013	886,264	100%

**Board of Education General Pension Plan**

The September 1, 2012 actuarial valuation was performed using the projected unit credit cost method.

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

<b>Schedule of Funding Progress - Board of Education General Pension Plan</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>
9/1/2005	\$ 7,689,237	\$ 8,391,938	\$ 702,701	92%	\$ 2,266,188	31%
9/1/2006	7,958,643	8,706,014	747,371	91%	2,399,453	31%
9/1/2007	8,102,724	9,434,205	1,331,481	86%	2,751,626	48%
9/1/2008	8,165,036	9,655,497	1,490,461	85%	2,825,447	53%
9/1/2010	8,708,501	10,765,662	2,057,161	81%	3,148,618	65%
9/1/2012	9,123,019	11,741,641	2,618,622	78%	3,196,222	82%

<b>Schedule of Employer Contributions</b>		
	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/2008	\$ 364,650	100%
6/30/2009	470,861	100%
6/30/2010	483,007	100%
6/30/2011	497,497	106%
6/30/2012	517,029	100%
6/30/2013	532,540	105%

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 position held in trust for pension benefits at June 30, 2013 and the changes in net position for the year then ended.

### Schedule of Plan Net Position

	<u>Town</u>	<u>Board of Education</u>	<u>Totals</u>
Assets:			
Cash and cash equivalents	\$ 812,703	\$	\$ 812,703
Investments:			
Certificates of deposit	1,210,524		1,210,524
Corporate bonds	268,647		268,647
Guaranteed annuity contracts		4,719,500	4,719,500
Mutual funds	11,569,517	4,776,751	16,346,268
Total investments	<u>13,048,688</u>	<u>9,496,251</u>	<u>22,544,939</u>
Total Assets	<u>\$ 13,861,391</u>	<u>\$ 9,496,251</u>	<u>\$ 23,357,642</u>
Net Position:			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 13,861,391</u>	<u>\$ 9,496,251</u>	<u>\$ 23,357,642</u>

### Schedule of Changes in Plan Net Position

	<u>Town</u>	<u>Board of Education</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 888,418	\$ 557,457	\$ 1,445,875
Plan members	92,658		92,658
Total contributions	<u>981,076</u>	<u>557,457</u>	<u>1,538,533</u>
Investment income:			
Net increase in fair value of investments	1,052,548	852,884	1,905,432
Interest and dividends	149,326	255,059	404,385
	<u>1,201,874</u>	<u>1,107,943</u>	<u>2,309,817</u>
Less investment fee expense	69,344	29,268	98,612
Net investment income	<u>1,132,530</u>	<u>1,078,675</u>	<u>2,211,205</u>
Total additions	<u>2,113,606</u>	<u>1,636,132</u>	<u>3,749,738</u>
Deductions:			
Benefits	941,409	660,366	1,601,775
Administration	16,944	27,755	44,699
Total deductions	<u>958,353</u>	<u>688,121</u>	<u>1,646,474</u>
Net increase	1,155,253	948,011	2,103,264
Net position at beginning of year	<u>12,706,138</u>	<u>8,548,240</u>	<u>21,254,378</u>
Net Position at End of Year	<u>\$ 13,861,391</u>	<u>\$ 9,496,251</u>	<u>\$ 23,357,642</u>

## Money Purchase Defined Contribution Pension Plan

Effective July 1, 2011, the Town established a defined contribution pension plan to recognize the contributions made to the successful operation of the Town by its employees and to reward such contributions by providing retirement benefits to eligible participants under this plan. The Trustee of the plan is ING National Trust with the Town serving as the plan administrator. The initial plan year was a short year from July 1, 2011 to December 31, 2011. Subsequent plan years will run from January 1 to December 31 annually. Employees who are 18 years of age and 1,000 hours of service to the Town shall become participants under the plan. Employees who are eligible under the Town's defined benefit pension plan are excluded from participation in this plan. The Town contributes 6% of the employee's salary to the plan. Employees are obligated to make a mandatory contribution of 3% with a maximum of 10% of aggregate compensation. Town and employee contributions for fiscal year 2013 were \$11,337 and \$5,663, respectively. Employees will be 100% vested in mandatory participant contributions. Participants will vest in accordance with the following schedule in regards to Town contributions:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6	100%

In addition, participants shall become 100% vested in their Town Contribution Account upon retirement, death, or upon becoming totally and permanently disabled. Normal retirement age under the plan is 62.

Changes to the plan must be approved by resolution from the Town Council except for plan changes necessary to comply with changes to Code, Regulations, Revenue Rulings, and other Internal Revenue Service published statements. The Town has authorized Brenner, Saltzman and Wallman, LLP, to make such changes.

## 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 \$16,095,889 or 77.4% of the total Board of Education payroll of \$20,798,765. The teachers' contributions totaled \$1,166,952 for the year ended June 30, 2013.

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, 2013, the Town has recorded, in the General Fund, revenues and expenditures in the amount of \$3,382,993 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, 2013**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes:				
Current levy	\$ 31,239,738	\$ 31,239,738	\$ 31,231,420	\$ (8,318)
Prior year levies	552,000	552,000	574,111	22,111
Interest, liens and miscellaneous	301,000	301,000	348,369	47,369
Total property taxes	<u>32,092,738</u>	<u>32,092,738</u>	<u>32,153,900</u>	<u>61,162</u>
Licenses and permits:				
Town Clerk	210,000	210,000	192,909	(17,091)
Planning and Zoning	15,000	15,000	16,950	1,950
Building permits	85,000	85,000	94,836	9,836
Recycling permits	17,000	17,000	19,163	2,163
Police Department permits	3,650	3,650	11,440	7,790
Total licenses and permits	<u>330,650</u>	<u>330,650</u>	<u>335,298</u>	<u>4,648</u>
Federal, state and local grants:				
Education equalization grant	13,685,912	13,685,912	13,766,118	80,206
Transportation	136,100	136,100	139,255	3,155
School bond and interest subsidies	812,330	812,330	807,873	(4,457)
Revenue sharing	189,485	189,485	474,251	284,766
Local capital improvement	116,426	116,426	116,236	(190)
Elderly tax relief - circuit breaker	163,313	163,313	154,177	(9,136)
Veterans exemption tax relief	28,783	28,783	28,912	129
Elderly tax relief - freeze	1,999	1,999	4,000	2,001
Totally disabled tax relief	3,144	3,144	3,132	(12)
State-owned property	2,093	2,093	2,008	(85)
Regional Water Authority - PILOT program	7,508	7,508	8,366	858
Town aid road	151,441	151,441	151,201	(240)
Library grant	2,000	2,000	1,218	(782)
Pequot grant	71,450	71,450	66,953	(4,497)
Adult education	4,467	4,467	4,252	(215)
Medicare reimbursement	19,000	19,000	21,509	2,509
Civil preparedness	2,400	2,400	1,200	(1,200)
FEMA Grants			252,665	252,665
Total federal, state and local grants	<u>15,397,851</u>	<u>15,397,851</u>	<u>16,003,326</u>	<u>605,475</u>
Charges for services:				
Special education - tuition	60,000	60,000	75,473	15,473
Tuition - other towns	35,000	35,000	17,140	(17,860)
Inland Wetlands	2,500	2,500	1,674	(826)
Outside activities	8,750	8,750	10,085	1,335
Ambulance service fees	115,000	115,000	30,000	(85,000)
Parks and recreation	17,000	17,000	13,044	(3,956)
Commercial refuse hauler	100,000	100,000	97,607	(2,393)
Zoning Board of Appeals	1,000	1,000	510	(490)
Records money	2,700	2,700	589	(2,111)
In-kind services	12,000	12,000	12,000	-
Total charges for services	<u>353,950</u>	<u>353,950</u>	<u>258,122</u>	<u>(95,828)</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, 2013**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Investment income:				
Interest on investments	\$ 10,000	\$ 10,000	\$ 3,359	\$ (6,641)
Other revenues:				
Library fines	11,000	11,000	11,333	333
False alarm fines	3,500	3,500	600	(2,900)
Vital statistics	140	140	136	(4)
Telephone access grant	44,000	44,000	40,134	(3,866)
Pavilion	1,500	1,500	3,225	1,725
Unanticipated revenues	76,973	76,973	135,059	58,086
Total other revenues	<u>137,113</u>	<u>137,113</u>	<u>190,487</u>	<u>53,374</u>
Other financing sources:				
Transfers in:				
Farmingbury Golf Course	82,377	82,377	82,377	-
Assessment collections and residual bonds funds	684,195	684,195	499,970	(184,225)
Total other financing sources	<u>766,572</u>	<u>766,572</u>	<u>582,347</u>	<u>(184,225)</u>
Total	<u>\$ 49,088,874</u>	<u>\$ 49,088,874</u>	49,526,839	<u>\$ 437,965</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.

3,382,993

The Town does not budget for capital lease issuances in the General Fund. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.

421,830

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.

781,764

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

\$ 54,113,426

## 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, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General government:				
Mayor's Office	\$ 203,032	\$ 203,031	\$ 202,489	\$ 542
Treasurer's Office	116,451	116,450	109,924	6,526
Finance Office	260,787	262,946	262,463	483
Town Council	74,285	74,285	72,732	1,553
Town Clerk	173,997	174,073	171,829	2,244
Tax Collector	172,934	166,502	162,227	4,275
Assessor	213,005	202,213	200,524	1,689
Board of Tax Review	5,630	3,542	2,425	1,117
Building Inspector	64,952	63,252	63,049	203
Planning and Zoning	83,244	82,787	80,873	1,914
Inland/Wetlands Conservation	9,600	9,600	2,832	6,768
Industrial Development	2,800	2,800	80	2,720
Zoning Board of Appeals	3,550	3,550	1,454	2,096
Registrar of Voters	79,475	79,475	71,669	7,806
Other general government:				
Wages	275,900	277,163	277,160	3
Benefits and insurance	1,648,435	1,636,766	1,636,766	-
Legal and consulting	78,000	97,333	97,333	-
Tri-town health district	115,211	127,694	127,694	-
Refuse and recycling	1,473,000	1,506,343	1,506,343	-
Liability insurance	53,000	50,410	50,410	-
Street lighting	95,000	95,101	95,101	-
Other	255,925	236,688	227,847	8,841
Total general government	5,458,213	5,472,004	5,423,224	48,780
Public safety:				
Police Department	3,225,009	3,206,316	3,187,901	18,415
Public Safety Communications	385,170	384,804	379,878	4,926
Animal Control Officer	51,752	58,404	58,404	-
Public Safety Buildings	95,683	95,717	83,205	12,512
Fire Department	570,138	570,138	556,795	13,343
Fire Marshal	46,510	46,510	42,161	4,349
Civil preparedness	24,560	24,560	17,057	7,503
Emergency Planning Commission	29,416	29,416	26,094	3,322
Volunteer Ambulance	456,335	456,335	455,417	918
Total public safety	4,884,573	4,872,200	4,806,912	65,288
Public works:				
Highways and streets	1,775,530	1,775,612	1,768,055	7,557
Health and welfare:				
Commission on Aging	137,670	137,670	135,087	2,583
Commission for Handicapped	39,113	39,113	34,785	4,328
Total health and welfare	176,783	176,783	169,872	6,911

(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, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Culture and recreation:				
Parks and recreation	\$ 184,731	\$ 184,731	\$ 161,327	\$ 23,404
Library	488,005	486,505	459,306	27,199
Total culture and recreation	<u>672,736</u>	<u>671,236</u>	<u>620,633</u>	<u>50,603</u>
Board of Education	<u>32,261,281</u>	<u>32,261,281</u>	<u>32,260,048</u>	<u>1,233</u>
Debt service:				
Principal and interest:				
School bonds	2,376,766	2,376,766	2,376,766	-
General improvement bonds	811,829	811,829	811,829	-
Water bonds	464,504	464,504	464,504	-
Capital leases	180,659	180,659	180,633	26
Total debt service	<u>3,833,758</u>	<u>3,833,758</u>	<u>3,833,732</u>	<u>26</u>
Other financing uses:				
Transfers out:				
Capital and Nonrecurring Fund	-	250,000	250,000	-
Farmingbury Hills Country Club	26,000	26,000	26,000	-
Total other financing uses	<u>26,000</u>	<u>276,000</u>	<u>276,000</u>	<u>-</u>
Total	<u>\$ 49,088,874</u>	<u>\$ 49,338,874</u>	49,158,476	<u>\$ 180,398</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.	3,382,993
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.	(183,534)
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.	178,564
The Town does not budget for capital lease issuances in the General Fund. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	421,830
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.	<u>781,764</u>

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,  
Expenditures and Changes in Fund Balances - Exhibit IV \$ 53,740,093

## TOWN OF WOLCOTT, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,149,701	\$ 2,732,547
Receivables:		
Property taxes receivable, net	784,107	855,343
Property taxes accrued interest receivable, net	168,284	169,352
Intergovernmental receivable:		
School building grants receivable	4,533,899	5,185,994
Other grants receivable	439,990	341,707
Accounts receivable	242,024	127,223
Due from other funds	<u>275,643</u>	<u>623,696</u>
Total Assets	<u>\$ 9,593,648</u>	<u>\$ 10,035,862</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,108,393	\$ 1,240,210
Due to other funds	14,000	22,390
Deferred revenues	<u>5,376,359</u>	<u>6,051,699</u>
Total liabilities	<u>6,498,752</u>	<u>7,314,299</u>
Fund balance:		
Assigned	183,534	178,564
Unassigned	<u>2,911,362</u>	<u>2,542,999</u>
Total fund balance	<u>3,094,896</u>	<u>2,721,563</u>
Total Liabilities and Fund Balance	<u>\$ 9,593,648</u>	<u>\$ 10,035,862</u>



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

**JUNE 30, 2013**

	Special Revenue Funds							
	Farmingbury Country Club	Acquired Facilities Woodtick Recreation Area	Miscellaneous Grants and Programs	Police Department Asset Forfeiture	Police Donations	Sewer Usage	Sewer Assessments	Water Usage
<b>ASSETS</b>								
Cash and cash equivalents	\$ 31,543	\$ 97,584	\$ 54,806	\$ 2,110	\$ 11,426	\$ 779,892	\$ 190,885	\$ 228,647
Accounts receivable, net				1,011		889,314	17,832	87,291
Intergovernmental receivable			175,450					
Inventory								
<b>Total Assets</b>	<u>\$ 31,543</u>	<u>\$ 97,584</u>	<u>\$ 230,256</u>	<u>\$ 3,121</u>	<u>\$ 11,426</u>	<u>\$ 1,669,206</u>	<u>\$ 208,717</u>	<u>\$ 315,938</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts and other payables	\$ 12,595	\$ 3,030	\$ 74,277	\$ -	\$ -	\$ 258,127	\$ -	\$ 162,743
Due to other funds	114,705		138,714					
Deferred revenue			3,612			234,064	17,832	69,183
Total liabilities	<u>127,300</u>	<u>3,030</u>	<u>216,603</u>	<u>-</u>	<u>-</u>	<u>492,191</u>	<u>17,832</u>	<u>231,926</u>
<b>Fund balances:</b>								
Nonspendable								
Restricted			13,653	3,121	11,426	1,177,015	190,885	84,012
Committed		94,554						
Unassigned	(95,757)							
Total fund balances	<u>(95,757)</u>	<u>94,554</u>	<u>13,653</u>	<u>3,121</u>	<u>11,426</u>	<u>1,177,015</u>	<u>190,885</u>	<u>84,012</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 31,543</u>	<u>\$ 97,584</u>	<u>\$ 230,256</u>	<u>\$ 3,121</u>	<u>\$ 11,426</u>	<u>\$ 1,669,206</u>	<u>\$ 208,717</u>	<u>\$ 315,938</u>

(Continued on next page)

TOWN OF WOLCOTT, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

	Special Revenue Funds							
	Dog Fund	Education Special Grants and Programs	School Lunch	Peterson Park	Planning and Zoning	Open Space	LOCIP Land Preservation	Police Private Duty
<b>ASSETS</b>								
Cash and cash equivalents	\$ 9,000	\$ 51,294	\$ 310,692	\$ 4,040	\$ 200,759	\$ 51,056	\$ 79,836	\$ 124,214
Accounts receivable, net	9,157		804		2,300		801	20,564
Intergovernmental receivable		11,986	58,800					
Inventory			20,461					
<b>Total Assets</b>	<b>\$ 18,157</b>	<b>\$ 63,280</b>	<b>\$ 390,757</b>	<b>\$ 4,040</b>	<b>\$ 203,059</b>	<b>\$ 51,056</b>	<b>\$ 80,637</b>	<b>\$ 144,778</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts and other payables	\$ 9,845	\$ 10,638	\$ 4,109	\$	\$	\$	\$	\$ 5,819
Due to other funds								
Deferred revenue		39,982	18,176		2,300			
Total liabilities	<u>9,845</u>	<u>50,620</u>	<u>22,285</u>	<u>-</u>	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>5,819</u>
<b>Fund balances:</b>								
Nonspendable			20,461					
Restricted		12,660				51,056	80,637	138,959
Committed	8,312		348,011	4,040	200,759			
Unassigned								
Total fund balances	<u>8,312</u>	<u>12,660</u>	<u>368,472</u>	<u>4,040</u>	<u>200,759</u>	<u>51,056</u>	<u>80,637</u>	<u>138,959</u>
Total Liabilities and Fund Balances	<b>\$ 18,157</b>	<b>\$ 63,280</b>	<b>\$ 390,757</b>	<b>\$ 4,040</b>	<b>\$ 203,059</b>	<b>\$ 51,056</b>	<b>\$ 80,637</b>	<b>\$ 144,778</b>

(Continued on next page)

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

JUNE 30, 2013

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds
	Insurance Claims	FHCC Monument/ Plaque Donations	Senior Center	Summer Studies	Board of Education Latch Key Program	Capital and Nonrecurring Fund		
<b>ASSETS</b>								
Cash and cash equivalents	\$ 32,515	\$ 1,962	\$ 3,072	\$ 35,018	\$ 132,933	\$ 362,264	\$ 2,795,548	
Accounts receivable, net							1,029,074	
Intergovernmental receivable							246,236	
Inventory							20,461	
<b>Total Assets</b>	<u>\$ 32,515</u>	<u>\$ 1,962</u>	<u>\$ 3,072</u>	<u>\$ 35,018</u>	<u>\$ 132,933</u>	<u>\$ 362,264</u>	<u>\$ 4,091,319</u>	
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts and other payables	\$	\$	\$	\$	\$ 4,261	\$	\$ 545,444	
Due to other funds							253,419	
Deferred revenue							385,149	
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,261</u>	<u>-</u>	<u>1,184,012</u>	
Fund balances:								
Nonspendable							20,461	
Restricted	32,515	1,962	3,072	35,018	128,672	362,264	163,089	
Committed							2,819,514	
Unassigned	<u>32,515</u>	<u>1,962</u>	<u>3,072</u>	<u>35,018</u>	<u>128,672</u>	<u>362,264</u>	<u>(95,757)</u>	
Total fund balances	<u>\$ 32,515</u>	<u>\$ 1,962</u>	<u>\$ 3,072</u>	<u>\$ 35,018</u>	<u>\$ 132,933</u>	<u>\$ 362,264</u>	<u>\$ 4,091,319</u>	
Total Liabilities and Fund Balances								

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	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			570,620					
Charges for services	487,366	85,015	12			780,109	1,555	333,742
Income on investments	4	5				1,122	22	9
Other	98		1,025	2,712	5,172	333		
Total revenues	<u>487,468</u>	<u>85,020</u>	<u>571,657</u>	<u>2,712</u>	<u>5,172</u>	<u>781,564</u>	<u>1,577</u>	<u>347,713</u>
Expenditures:								
Current:								
General government			47,596					
Public safety			34,920	495	4,030			294,307
Public works			194,812			719,726		
Health and welfare								
Culture and recreation	456,942	84,718	317,893					
Education	17,051					189,909		
Debt service	473,993	84,718		495	4,030	909,635		294,307
Total expenditures	<u>13,475</u>	<u>302</u>	<u>(23,564)</u>	<u>2,217</u>	<u>1,142</u>	<u>(128,071)</u>	<u>1,577</u>	<u>53,406</u>
Excess (Deficiency) of Revenues over Expenditures								
Other Financing Sources (Uses):								
Transfers in	26,000							
Transfers out	(82,377)							
Total other financing sources (uses)	<u>(56,377)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(42,902)	302	(23,564)	2,217	1,142	(128,071)	1,577	53,406
Fund Balances at Beginning of Year	(52,855)	94,252	37,217	904	10,284	1,305,086	189,308	30,606
Fund Balances at End of Year	<u>(95,757)</u>	<u>94,554</u>	<u>13,653</u>	<u>3,121</u>	<u>11,426</u>	<u>1,177,015</u>	<u>190,885</u>	<u>84,012</u>

(Continued on next page)

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

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds							
	Dog Fund	Education Special Grants and Programs	School Lunch	Peterson Park	Planning and Zoning	Open Space	LOCIPLand Preservation	Police Private Duty
Revenues:								
Licenses, permits and other charges	\$ 18,940	\$	\$	\$	\$	\$	\$ 9,480	\$
Intergovernmental revenues		935,906	378,245					
Charges for services	1,823	14,253	696,118		2,300			141,684
Income on investments				4	25	80		
Other	9,598			193				
Total revenues	30,361	950,159	1,074,363	197	2,325	80	9,480	141,684
Expenditures:								
Current:								
General government	26,252							122,340
Public safety								
Public works								
Health and welfare	879	953,005	1,111,183	2,417		4,216		
Culture and recreation								
Education								
Debt service								
Total expenditures	27,131	953,005	1,111,183	2,417	-	4,216	-	122,340
Excess (Deficiency) of Revenues over Expenditures	3,230	(2,846)	(36,820)	(2,220)	2,325	(4,136)	9,480	19,344
Other Financing Sources (Uses):								
Transfers in								
Transfers out								
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net Change in Fund Balances	3,230	(2,846)	(36,820)	(2,220)	2,325	(4,136)	9,480	19,344
Fund Balances at Beginning of Year	5,082	15,506	405,292	6,260	198,434	55,192	71,157	119,615
Fund Balances at End of Year	\$ 8,312	\$ 12,660	\$ 368,472	\$ 4,040	\$ 200,759	\$ 51,056	\$ 80,637	\$ 138,959

(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, 2012

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds
	Insurance Claims	FHCC Monument/Plaque Donations	Senior Center	Board of Education Summer Studies	Board of Education Latch Key Program	Capital and Nonrecurring Fund		
Revenues:								
Licenses, permits and other charges	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues				38,767	324,009			1,884,771
Charges for services						183		2,906,741
Income on investments	30,661	125	1,360					1,466
Other	30,661	125	1,360	38,767	324,009	183		65,239
Total revenues	<u>30,661</u>	<u>125</u>	<u>1,360</u>	<u>38,767</u>	<u>324,009</u>	<u>183</u>		<u>4,886,637</u>
Expenditures:								
Current:								
General government	4,352							51,948
Public safety	6,873							194,910
Public works	13,120							1,221,965
Health and welfare			635					635
Culture and recreation	12,331			41,103	323,992			879,396
Education				41,103	323,992			2,429,283
Debt service	36,676	-	635	41,103	323,992	-		206,960
Total expenditures	<u>(6,015)</u>	<u>125</u>	<u>725</u>	<u>(2,336)</u>	<u>17</u>	<u>183</u>		<u>(98,460)</u>
Excess (Deficiency) of Revenues over Expenditures								
Other Financing Sources (Uses):								
Transfers in						250,000		276,000
Transfers out						(250,000)		(82,377)
Total other financing sources (uses)								193,623
Net Change in Fund Balances	(6,015)	125	725	(2,336)	17	250,183		95,163
Fund Balances at Beginning of Year	38,530	1,837	2,347	37,354	128,655	112,081		2,812,144
Fund Balances at End of Year	<u>\$ 32,515</u>	<u>\$ 1,962</u>	<u>\$ 3,072</u>	<u>\$ 35,018</u>	<u>\$ 128,672</u>	<u>\$ 362,264</u>	<u>\$</u>	<u>\$ 2,907,307</u>

TOWN OF WOLCOTT, CONNECTICUT

CAPITAL IMPROVEMENT FUND

PROJECT STATUS SUMMARY

FOR THE YEAR ENDED JUNE 30, 2013

Project Description	Revenues			Expenditures			Fund Balance June 30, 2013
	Fund Balance July 1, 2012	Capital Grants	Investment Income	Other Income	Capital Outlay	Transfers In (Out)	
<b>Current Capital Bonding Projects</b>							
Communications Center	\$ 55,127	\$	\$ 83	\$	\$	\$	\$ 55,210
Youth Center	17,484		9			(17,493)	-
439 Bound Line Road Purchase	4		10			(14)	-
Clinton Hill Waterline	11,367		18	114,429	6,534,683		11,385
Various Capital Projects - Phase III	(1,413,093)						(7,833,347)
<b>Other Capital Projects</b>							
Road Improvements - Nutmeg Valley/Rt. 69		137,265			137,265		-
Long Swamp Road		14,291			14,291	(17,960)	-
DAM Repairs	17,960						-
BOE Physics Lab	11,742						11,742
School Projects	115,309		12				115,321
BAW STEAP	(15)						(15)
<b>Total</b>	<b>\$ (1,184,115)</b>	<b>\$ 151,556</b>	<b>\$ 132</b>	<b>\$ 114,429</b>	<b>\$ 6,686,239</b>	<b>\$ (35,467)</b>	<b>\$ (7,639,704)</b>

## TOWN OF WOLCOTT, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Student Activity Fund</b>				
Assets:				
Cash	\$ <u>167,524</u>	\$ <u>624,902</u>	\$ <u>658,527</u>	\$ <u>133,899</u>
Liabilities:				
Due to student groups	\$ <u>167,524</u>	\$ <u>624,902</u>	\$ <u>658,527</u>	\$ <u>133,899</u>
<b>Performance Bond Fund</b>				
Assets:				
Cash	\$ 238,555	\$ 56,384	\$ 62,094	\$ 232,845
Due from other funds	<u>14,000</u>			<u>14,000</u>
Total Assets	\$ <u>252,555</u>	\$ <u>56,384</u>	\$ <u>62,094</u>	\$ <u>246,845</u>
Liabilities:				
Due to agencies	\$ <u>252,555</u>	\$ <u>56,384</u>	\$ <u>62,094</u>	\$ <u>246,845</u>
<b>Total - All Agency Funds</b>				
Assets:				
Cash	\$ 406,079	\$ 681,286	\$ 720,621	\$ 366,744
Due from other funds	<u>14,000</u>			<u>14,000</u>
Total Assets	\$ <u>420,079</u>	\$ <u>681,286</u>	\$ <u>720,621</u>	\$ <u>380,744</u>
Liabilities:				
Due to student groups	\$ 167,524	\$ 624,902	\$ 658,527	\$ 133,899
Due to agencies	<u>252,555</u>	<u>56,384</u>	<u>62,094</u>	<u>246,845</u>
Total Liabilities	\$ <u>420,079</u>	\$ <u>681,286</u>	\$ <u>720,621</u>	\$ <u>380,744</u>

## TOWN OF WOLCOTT, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

JUNE 30, 2013

(In Thousands)

Total tax collections (including interest and lien fees)					\$	32,154
Reimbursement for revenue loss on:						
Tax relief for the elderly - Elderly freeze						<u>4</u>
Base					\$	<u>32,158</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	\$	72,356	\$		\$	
4-1/2 times base			144,711			
3-3/4 times base				120,593		
3-1/4 times base					104,514	
3 times base						96,474
Total debt limitation		<u>72,356</u>	<u>144,711</u>	<u>120,593</u>	<u>104,514</u>	<u>96,474</u>
Indebtedness:						
Bonds payable*		6,276	14,234			
Project loan				1,162		
Debt authorized and unissued**		2,751	40			
School building grants***			(4,534)			
Total indebtedness		<u>9,027</u>	<u>9,740</u>	<u>1,162</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of						
Outstanding and Authorized Debt	\$	<u>63,329</u>	\$	<u>134,971</u>	\$	<u>104,514</u>
					\$	<u>96,474</u>

In no case shall total indebtedness exceed seven times annual receipts from taxation, or \$225,078.

\* In accordance with State Statutes, bonds payable consisting of water bonds totaling \$3,405 were 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 \$4,534 are applicable to outstanding bond issues.