

TOWN OF WOLCOTT, CONNECTICUT

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S 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 (the "Town") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town'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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison schedules for the General Fund and Water Assessment Fund 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 3 through 14, the schedules of changes in net pension liability and the schedules of contributions and investment returns on pages 63 through 66, and the schedule of funding progress on page 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual 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 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 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 19, 2014, on our consideration of the Town'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's internal control over financial reporting and compliance.

Maloney Sabol + Company, LLP

Glastonbury, Connecticut

November 19, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014

As management of the Town of Wolcott (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town exceeded its liabilities at the close of the most recent fiscal year by \$51,355,077 (net position). Of this amount, \$10,181,324 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$2,236,173 during the current fiscal year.
- Beginning net position was decreased by a restatement of \$249,685, due to the current year implementation of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities* and to make a correction of an error (*See Note N*).
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,804,105, an increase of \$2,734,158 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,449,415, or 6.9% of total General Fund budgetary expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.3 months of general fund operating expenditures.
- The Town's total long-term bonded debt increased by \$3,751,379 or 10.8% during the current fiscal year due to the issuance of additional bond anticipation notes offset by scheduled repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, and liabilities, with net position as the residual of these elements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Government-wide Financial Statements (*Continued*)

The government-wide financial statements display information about the Town's governmental activities which include general government, public safety, public works, culture and recreation, health and welfare, and education. The Town does not have any business-type activities.

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable.

The government-wide financial statements can be found on pages 15 - 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvement Fund, the Water Assessment Fund, and the Small Cities Grant Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 - 22 of this report.

Proprietary Funds

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its risk management activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 23 - 25 of this report.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 26 - 27 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 62 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules which can be found on pages 63 - 85 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

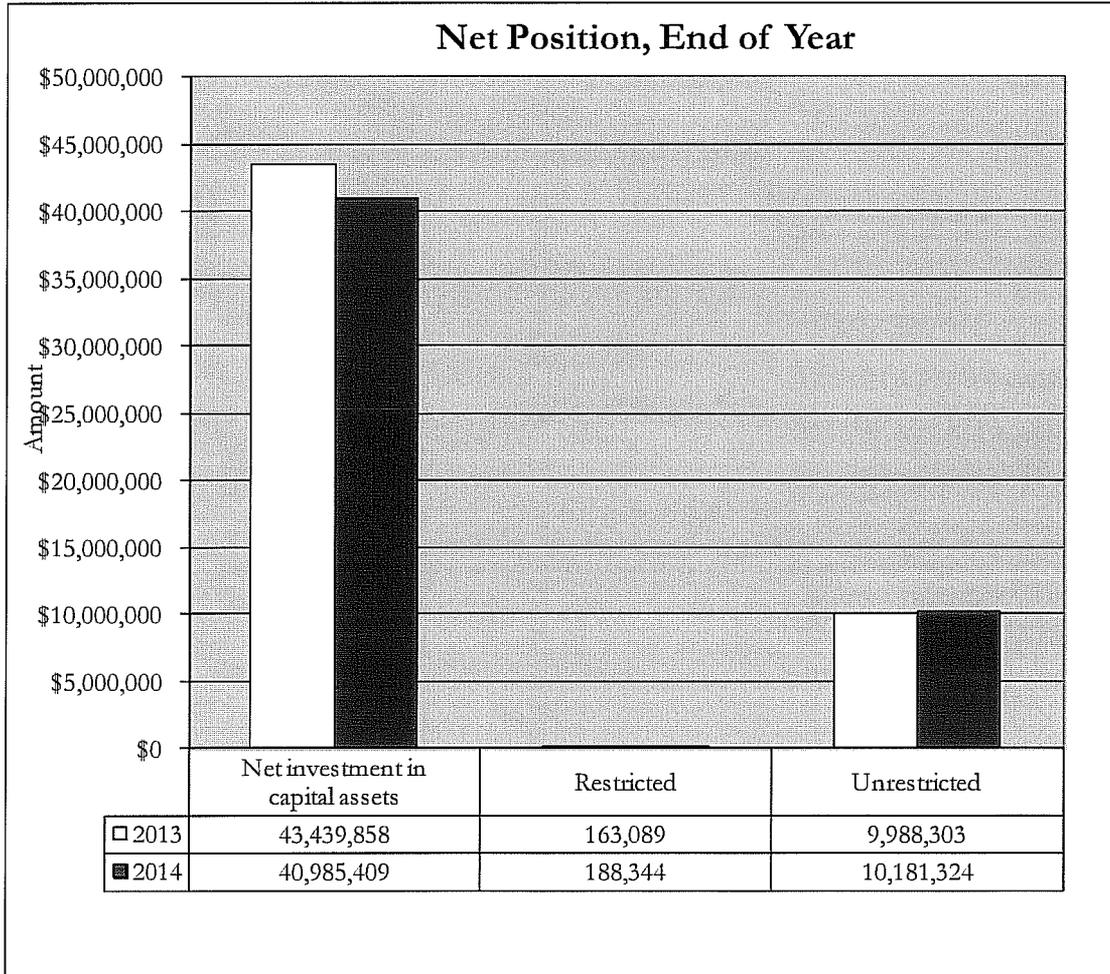
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$51,355,077 and \$53,591,250 as of June 30, 2014 and 2013, respectively and are summarized as follows:

	Total <i>(as restated)</i>	
	2014	2013
Current and other assets	\$ 24,310,442	\$ 22,925,504
Capital assets, net	79,828,283	78,447,830
Total assets	104,138,725	101,373,334
 Deferred outflows of resources	 1,646,189	 1,882,853
 Long-term liabilities	 42,100,956	 36,833,257
Other liabilities	12,328,881	12,831,680
Total liabilities	54,429,837	49,664,937
 Net position:		
Net investment in capital assets	40,985,409	43,439,858
Restricted	188,344	163,089
Unrestricted	10,181,324	9,988,303
Total net position	\$ 51,355,077	\$ 53,591,250

TOWN OF WOLCOTT, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*



Of the Town's net position, 79.81% reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Less than 1% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net position decreased by \$2,236,173.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position

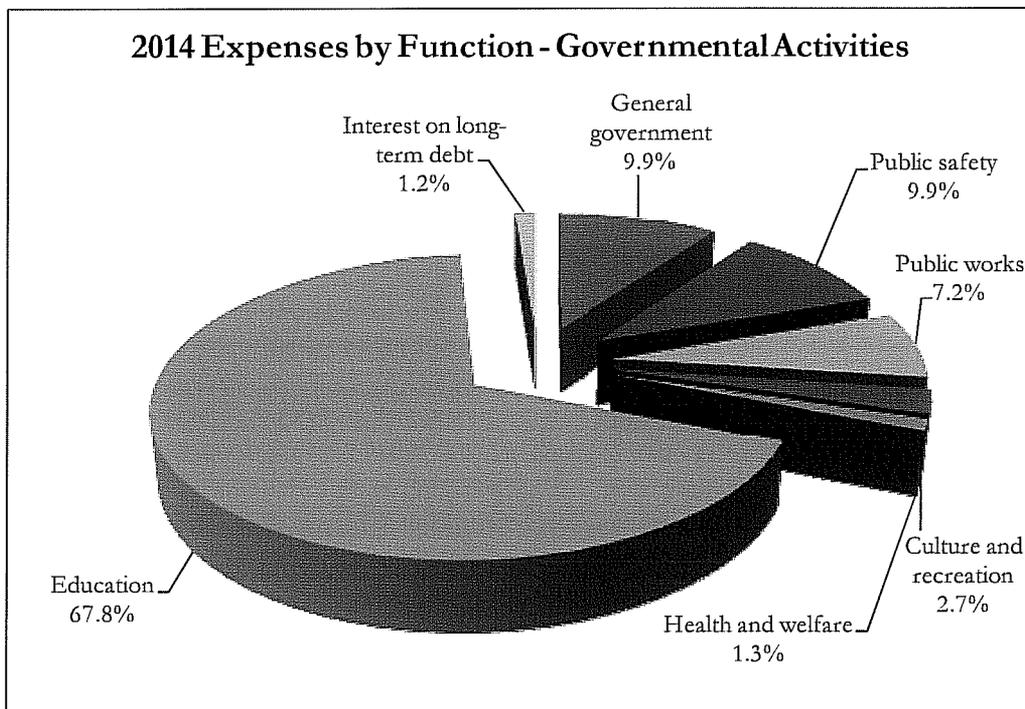
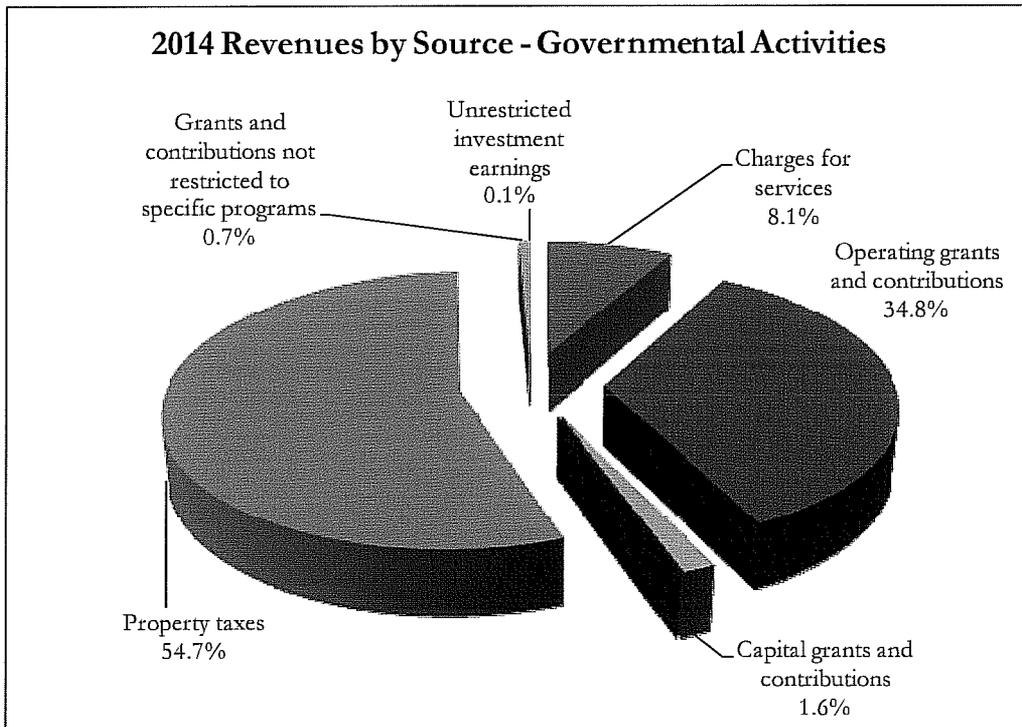
Changes in net position for the years ended June 30, 2014 and 2013 are as follows:

	Total	
	<i>(as restated)</i>	
	2014	2013
Program revenues:		
Charges for services	\$ 4,874,110	\$ 3,220,351
Operating grants and contributions	20,910,757	20,912,271
Capital grants and contributions	960,393	1,100,147
General revenues:		
Property taxes	32,966,785	32,098,562
Grants and contributions not restricted to specific programs	429,579	442,716
Unrestricted investment earnings	6,022	5,554
Miscellaneous	-	118,471
Total revenues	60,147,646	57,898,072
Program expenses		
General government	6,150,303	7,303,580
Public safety	6,195,500	5,502,815
Public works	4,518,936	4,283,590
Culture and recreation	1,650,374	1,386,360
Health and welfare	780,842	83,511
Education	42,301,861	39,280,461
Interest on long-term debt	786,003	966,297
Total expenses	62,383,819	58,806,614
Change in net position	\$ (2,236,173)	\$ (908,542)

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*



TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(*Continued*)
JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (*Continued*)

Governmental Activities

Governmental activities decreased the Town's net position by \$2,236,173. Revenues generated by the Town increased by approximately \$2,249,574, primarily due to an increase in tax revenue and miscellaneous charges for services. The increase in revenue was offset by an increase in expenses of approximately \$3,577,205 when compared to the prior year, due to an increase in education expenses of approximately \$3,021,400.

Key elements of this increase were an increase in tax collections and miscellaneous revenue.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,804,105, an increase of \$2,734,158 in comparison with the prior year. Of this amount, a negative \$1,424,973 constitutes a deficit in the total unassigned fund balance of the Town.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,449,415, while total fund balance was \$3,552,399. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 6.9% of total General Fund budgetary expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.3 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$457,503 during the current fiscal year.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2014

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS *(Continued)*

Capital Improvement Fund

The Capital Improvement Fund has a deficit fund balance of \$4,719,322 as of June 30, 2014, a decrease in the deficit of \$2,920,382 from the prior year. This deficit is attributable to expenditures incurred for various ongoing capital projects for which permanent financing has not yet been obtained. The deficit is expected to be funded by permanent financing in the future.

The current year increase in fund balance was due primarily to a portion of the short-term bond anticipation notes being converted to permanent financing subsequent to year-end (*see Note O*) offset by capital outlays of approximately \$4 million.

Water Assessment Fund

The fund balance of the Water Assessment Fund decreased by \$88,388 during the current fiscal year. This decrease was due primarily to current year assessment revenue offset by a transfer to the general fund to cover debt service costs.

Small Cities Grant Program Fund

There was no change to the fund balance of the Small Cities Grant Program Fund during the current fiscal year. Current year activity included grant proceeds and loan repayments offset by the issuance of new loans and current year administrative costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in the fund balance of the General Fund on a budgetary basis was an increase of \$538,053. No supplemental appropriations were made during the current fiscal year. On a budgetary basis the unassigned fund balance was 6.9% of total expenditures.

During the year, revenues exceeded budgetary estimates by \$498,664, as a result of increased tax collections, excess school construction grant funding received over amounts budgeted, and unbudgeted distributions received from Bristol Resource Recovery Facility. Expenditures were \$39,341 less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2014 totaled \$79,828,283 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure. The Town's investment in capital assets increased \$1,380,453 or 1.8%.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*

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

- An increase of \$597,288 in construction in progress, primarily due to ongoing construction of the Wolcott High School watermain project. In addition, \$917,816 of projects which were completed during fiscal year 2014 were transferred to depreciable asset categories. This included approximately \$697,000 of road improvements and \$220,000 for the Wolcott High School Fire Alarm System.
- An increase of \$50,000 in land improvements related to the purchase and installation of new playground equipment.
- An increase to buildings of \$942,438 for fire alarm upgrades and the replacement of various boilers and heaters.
- An increase of \$292,606 in the vehicle, machinery and equipment category due to the purchase of several new police vehicles. In addition, approximately \$123,000 worth of vehicles were disposed of in the current year, including four police vehicles and an animal control van.
- An increase of approximately \$3.4 million to infrastructure due to the completion of various road reconstruction projects.
- A decrease due to depreciation expense of \$2,851,883.

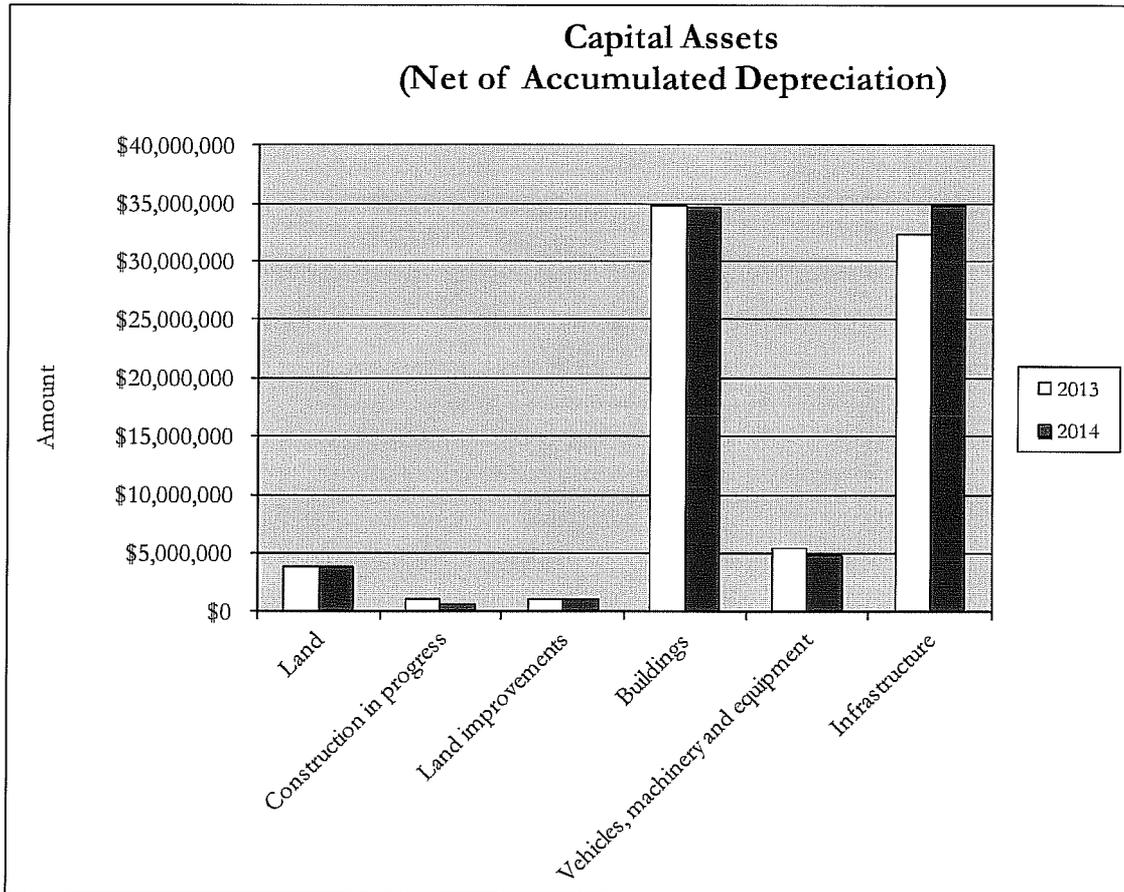
The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

	Total	
	<i>(as restated)</i>	
	2014	2013
Land	\$ 3,830,774	\$ 3,830,774
Construction in progress	693,835	1,014,363
Land improvements	1,072,699	1,119,646
Buildings	34,682,137	34,779,728
Vehicles, machinery and equipment	4,689,794	5,372,827
Infrastructure	34,859,044	32,330,492
Totals	\$ 79,828,283	\$ 78,447,830

TOWN OF WOLCOTT, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 JUNE 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*



Additional information on the Town's capital assets can be found in Note D on page 42 of this report.

Long-term Debt

At the end of the current fiscal year, the Town had total debt outstanding, excluding capital lease obligations, of \$38,608,763, all of which is backed by the full faith and credit of the government. The Town's total debt increased by \$3,751,379 or 10.8% during the current fiscal year due to scheduled debt service payments offset by the issuance of a new bond anticipation note.

On April 27, 2011, the Town approved a bonding authorization of \$12,325,000 for various capital projects. As of year-end, the full amount of this authorization has been issued in the form of bond anticipation notes. Subsequent to year-end, the Town converted \$6,960,000 of the bond anticipation notes into permanent financing. This amount has been included in long-term bonded debt (*see Notes G, H and O*).

On April 15, 2014, the Town approved a bonding authorization of \$11,910,000 for various capital projects. As of year-end, \$4,000,000 of bond anticipation notes had been issued in connection with these projects. Subsequent to year-end, an additional \$4,050,000 of bond anticipation notes were issued in connection with these projects (*see Note O*).

TOWN OF WOLCOTT, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 JUNE 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

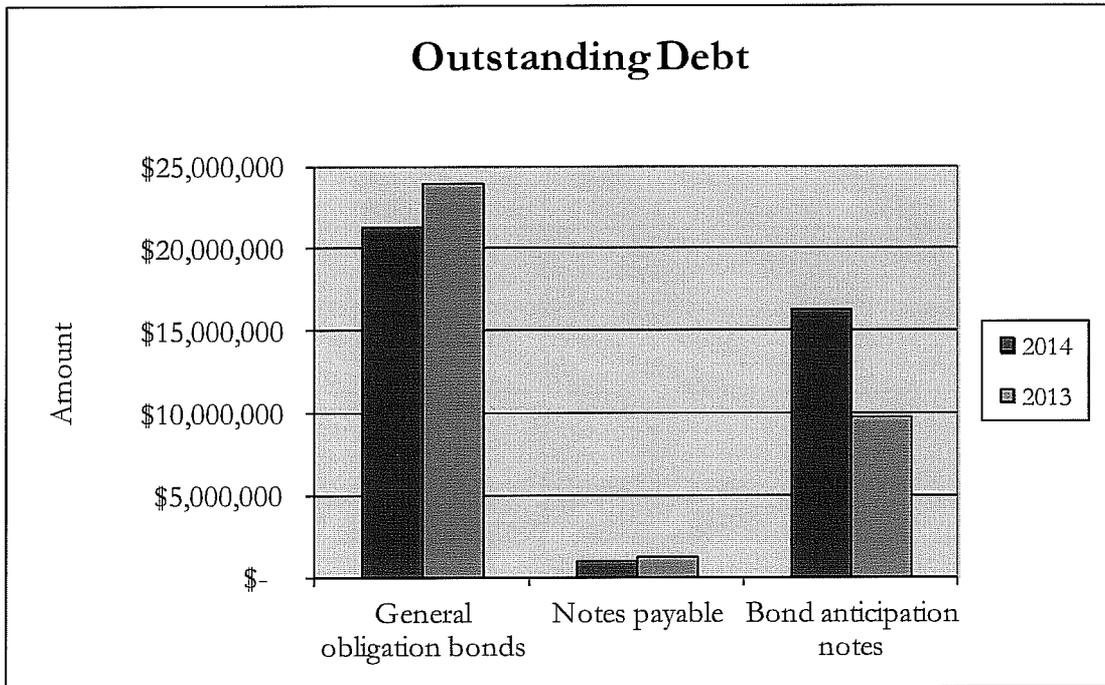
Long-term Debt

As of June 30, 2014 the Town's general obligation bond rating was at A1 by Moody's. The Town's credit rating was raised to a AA by Standard and Poor's in October 2014.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$231,178,269, which is significantly in excess of the Town's outstanding general obligation debt.

The following tables are a two year comparison of long-term debt:

	Totals	
	2014	2013
General obligation bonds	\$ 21,290,000	\$ 23,915,000
Notes payable	993,763	1,162,384
Bond anticipation notes	16,325,000	9,780,000
Totals	\$ 38,608,763	\$ 34,857,384



Additional information on the Town's debt can be found in Notes G and H on pages 44 - 47 of this report.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town is currently 6.3%. This compares favorably to the state's average unemployment rate of 6.5% and the national unemployment rate of 6.1%.
- The Town's credit rating was raised to a AA by Standard and Poor's in October 2014.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2015, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2015.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, Town of Wolcott, 10 Kenea Avenue, Wolcott, Connecticut 06716.

BASIC FINANCIAL STATEMENTS

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 13,949,174
Receivables:	
Property taxes and interest, net	1,009,309
Grants and contracts	853,846
Loans	2,212,180
Assessments, net	1,660,000
Usage, net	1,044,546
Other	305,298
Inventories	24,871
Noncurrent assets:	
Grants and contracts	3,251,218
Capital assets:	
Non-depreciable	4,524,609
Depreciable, net	75,303,674
Total assets	104,138,725
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on sewer upgrades	993,763
Deferred charge on refunding	652,426
	1,646,189
 LIABILITIES	
Accounts payable	1,776,598
Accrued liabilities:	
Salaries and benefits payable	196,131
Accrued interest	347,236
Claims payable	462,107
Bond anticipation notes payable	9,365,000
Unearned revenue	181,809
Noncurrent liabilities:	
Due within one year:	3,564,216
Due in more than one year:	38,536,740
Total liabilities	54,429,837
 NET POSITION	
Net investment in capital assets	40,985,409
Restricted for:	
Grant program purposes	74,777
Other purposes	113,567
Unrestricted	10,181,324
Total net position	\$ 51,355,077

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary Government:					
Governmental activities:					
General government	\$ 6,150,303	\$ 341,569	\$ 361,065	\$ (5,447,669)	
Public safety	6,195,500	408,928	36,468	(5,702,649)	
Public works	4,518,936	1,756,263	30,200	(2,260,046)	
Culture and recreation	1,650,374	654,563	22,022	(973,789)	
Health and welfare	780,842	2,867	340,722	(437,253)	
Education	42,301,861	1,709,920	20,120,280	(20,031,150)	
Interest on long-term debt	786,003	-	-	(786,003)	
Total governmental activities	<u>62,383,819</u>	<u>4,874,110</u>	<u>20,910,757</u>	<u>(35,638,559)</u>	
General revenues:					
Property taxes, levied for general purposes				32,966,785	
Grants and contributions not restricted to specific programs				429,579	
Income from investments				6,022	
Total general revenues				<u>33,402,386</u>	
			Change in net position	(2,236,173)	
			Net position - beginning, as originally reported	53,840,935	
			Adjustment (See Note N)	<u>(249,685)</u>	
			Net position - beginning, as restated	53,591,250	
			Net position - ending	<u>\$ 51,355,077</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,917,444	\$ 4,833,563	\$ 1,619,060	\$ 102,414	\$ 2,481,006	\$ 12,953,487
Receivables:						
Property taxes, net	839,307	-	-	-	-	839,307
Interest on property taxes, net	170,002	-	-	-	-	170,002
Grants and contracts	4,004,482	-	-	-	100,582	4,105,064
Loans	-	-	-	2,212,180	-	2,212,180
Assessments, net	-	-	1,641,139	-	18,861	1,660,000
Usage fees, net	-	-	-	-	1,044,546	1,044,546
Other	183,620	-	-	-	22,974	206,594
Due from other funds	297,279	-	-	-	-	297,279
Inventories	-	-	-	-	24,871	24,871
Total assets	<u>\$ 9,412,134</u>	<u>\$ 4,833,563</u>	<u>\$ 3,260,199</u>	<u>\$ 2,314,594</u>	<u>\$ 3,692,840</u>	<u>\$ 23,513,330</u>
LIABILITIES						
Accounts payable	\$ 872,795	\$ 187,885	\$ -	\$ 24,976	\$ 690,942	\$ 1,776,598
Accrued salaries and benefits payable	196,131	-	-	-	-	196,131
Bond anticipation notes payable	-	9,365,000	-	-	-	9,365,000
Due to other funds	-	-	-	-	181,696	181,696
Unearned revenue	22,479	-	-	77,438	81,892	181,809
Total liabilities	<u>1,091,405</u>	<u>9,552,885</u>	<u>-</u>	<u>102,414</u>	<u>954,530</u>	<u>11,701,234</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue:						
Property taxes and interest	878,316	-	-	-	-	878,316
Grants and contracts	3,890,014	-	-	-	-	3,890,014
Loans	-	-	-	2,212,180	-	2,212,180
Assessments	-	-	1,641,139	-	18,861	1,660,000
Usage fees	-	-	-	-	367,481	367,481
Total deferred inflows of resources	<u>4,768,330</u>	<u>-</u>	<u>1,641,139</u>	<u>2,212,180</u>	<u>386,342</u>	<u>9,007,991</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	24,871	24,871
Restricted	-	-	-	-	188,344	188,344
Committed	-	-	1,619,060	-	2,293,819	3,912,879
Assigned	102,984	-	-	-	-	102,984
Unassigned	3,449,415	(4,719,322)	-	-	(155,066)	(1,424,973)
Total fund balances (deficits)	<u>3,552,399</u>	<u>(4,719,322)</u>	<u>1,619,060</u>	<u>-</u>	<u>2,351,968</u>	<u>2,804,105</u>
Total liabilities, deferred inflows and fund balances (deficits)	<u>\$ 9,412,134</u>	<u>\$ 4,833,563</u>	<u>\$ 3,260,199</u>	<u>\$ 2,314,594</u>	<u>\$ 3,692,840</u>	<u>\$ 23,513,330</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balance for governmental funds \$ 2,804,105

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land	\$	3,830,774	
Construction in progress		693,835	
Land improvements		3,914,634	
Buildings		58,787,301	
Vehicles, machinery and equipment		15,703,554	
Infrastructure		60,670,857	
Less accumulated depreciation and amortization		<u>(63,772,672)</u>	
Total capital assets, net			79,828,283

Some of the Town's taxes, assessments, interest and loans receivables will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 5,117,977

Long-term school construction grant receivables received from the State of Connecticut are not available soon enough to pay for current period's expenditures, and therefore are reported as deferred revenue in the funds. 3,890,014

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Accrued interest payable		(347,236)	
Long-term debt:			
Bonds and note payable, net		(29,252,418)	
Deferred charges on refunding		652,426	
Deferred charges on sewer upgrades		993,763	
Other long-term liabilities:			
Notes payable		(993,763)	
Capital lease obligations		(877,882)	
Heart and Hypertension obligations		(1,527,985)	
Compensated absences		(2,954,588)	
Early retirement incentive		(8,550)	
Net pension obligation		(253,275)	
Net OPEB obligation		<u>(6,232,495)</u>	
Total long-term liabilities			(40,802,003)

An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 516,701

Net position of governmental activities \$ 51,355,077

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 32,875,640	\$ -	\$ -	\$ -	\$ -	\$ 32,875,640
Intergovernmental	20,711,146	-	-	171,597	1,681,688	22,564,431
Charges for services	473,005	-	359,683	157,082	3,076,949	4,066,719
Licenses, permits, and other charges	375,436	-	-	-	6,726	382,162
Interest income	3,597	21	133	81	2,146	5,978
Other revenue	202,458	71,943	-	-	142,690	417,091
Total revenues	<u>54,641,282</u>	<u>71,964</u>	<u>359,816</u>	<u>328,760</u>	<u>4,910,199</u>	<u>60,312,021</u>
EXPENDITURES						
Current:						
General government	5,874,629	21,311	-	-	102,027	5,997,967
Public safety	3,011,866	-	-	-	268,475	5,280,341
Public works	2,090,752	-	-	-	1,221,162	3,311,914
Culture and recreation	656,768	-	-	-	667,194	1,323,962
Health and welfare	178,382	-	-	328,760	168,702	675,844
Education	37,034,923	-	-	-	2,542,365	39,577,288
Capital outlays	207,205	3,871,345	-	-	363,613	4,442,163
Debt service:						
Principal payments	2,625,000	-	-	-	191,956	2,816,956
Interest and fiscal charges	946,378	169,734	-	-	22,969	1,139,081
Capital leases	423,030	-	-	-	-	423,030
Total expenditures	<u>55,048,933</u>	<u>4,062,390</u>	<u>-</u>	<u>328,760</u>	<u>5,548,463</u>	<u>64,988,546</u>
Excess (deficiency) of revenues over expenditures	(407,651)	(3,990,426)	359,816	-	(638,264)	(4,676,525)
OTHER FINANCING SOURCES (USES)						
Proceeds from bond anticipation notes	-	6,960,000	-	-	-	6,960,000
Proceeds from capital lease obligations	207,205	-	-	-	120,301	327,506
Premium on bond anticipation notes	-	123,177	-	-	-	123,177
Transfers in	712,518	9,569	-	-	45,000	767,087
Transfers out	(54,569)	(181,938)	(448,204)	-	(82,376)	(767,087)
Total other financing sources (uses)	<u>865,154</u>	<u>6,910,808</u>	<u>(448,204)</u>	<u>-</u>	<u>82,925</u>	<u>7,410,683</u>
Net change in fund balances	457,503	2,920,382	(88,388)	-	(555,339)	2,734,158
Fund balances (deficit) - beginning	<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>
Fund balances (deficit) - ending	<u>\$ 3,552,399</u>	<u>\$ (4,719,322)</u>	<u>\$ 1,619,060</u>	<u>\$ -</u>	<u>\$ 2,351,968</u>	<u>\$ 2,804,105</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds \$ 2,734,158

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeded depreciation and amortization expense in the current period is as follows:

Expenditures for capital assets	\$ 4,271,836	
Depreciation and amortization expense	<u>(2,851,883)</u>	
Net adjustment		1,419,953

In the statement of activities, only the gain (loss) on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the governmental funds. (86,955)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. +7,455

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Bond anticipation notes payable	(6,960,000)	
Capital lease financing	(327,506)	
Principal repayments:		
Bonds and notes payable	2,793,621	
Capital lease obligations	<u>414,554</u>	
Net adjustment		(+4,079,331)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	\$ 263,662	
Deferred charges on sewer upgrades	(168,621)	
Deferred charges on refunding	(68,043)	
Unamortized bond premium	66,093	
Heart and Hypertension obligations	41,549	
Compensated absences	(123,260)	
Early retirement incentive	1,425	
Net pension obligation	(25,266)	
Net OPEB obligation	<u>(1,146,909)</u>	
		\$ (1,161,370)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of revenue in governmental funds. This amount represents the change in deferred inflows. (710,698)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of a certain internal service fund is reported with governmental activities. (399,385)

Change in net position of governmental activities \$ (2,236,173)

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 32,754,222	\$ 32,754,222	\$ 32,875,640	\$ 121,418
Intergovernmental	15,686,723	15,686,723	15,844,160	157,437
Charges for services	355,212	355,212	406,349	51,137
Licenses and permits	320,900	320,900	375,436	54,536
Interest income	6,000	6,000	3,597	(2,403)
Other revenues	141,625	141,625	258,164	116,539
Total revenues	<u>49,264,682</u>	<u>49,264,682</u>	<u>49,763,346</u>	<u>498,664</u>
EXPENDITURES				
Current:				
General government	5,886,863	5,875,551	5,874,629	(922)
Public safety	5,027,156	5,036,488	5,036,330	(158)
Public works	2,091,389	2,097,240	2,085,727	(11,513)
Culture and recreation	687,091	679,681	656,768	(22,913)
Health and welfare	176,883	181,359	178,382	(2,977)
Education	32,261,281	32,261,281	32,260,423	(858)
Debt service:				
Principal payments	2,625,000	2,625,000	2,625,000	-
Interest and fiscal charges	946,378	946,378	946,378	-
Capital leases	230,111	229,174	229,174	-
Total expenditures	<u>49,932,152</u>	<u>49,932,152</u>	<u>49,892,811</u>	<u>(39,341)</u>
Deficiency of revenues over expenditures	(667,470)	(667,470)	(129,465)	538,005
OTHER FINANCING SOURCES (USES)				
Transfers in	712,470	712,470	712,518	48
Transfers out	(45,000)	(45,000)	(45,000)	-
Total other financing sources (uses)	<u>667,470</u>	<u>667,470</u>	<u>667,518</u>	<u>48</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	538,053	<u>\$ 538,053</u>
Fund balance - beginning			<u>2,911,362</u>	
Fund balance - ending			<u>\$ 3,449,415</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - WATER ASSESSMENT FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Water assessment phase 4	\$ 3,800	\$ 3,800	\$ -	\$ (3,800)
Water assessment phase 5	35,700	35,700	35,771	71
Water assessment phase 6	59,000	59,000	27,835	(31,165)
Water assessment phase 7	334,204	334,204	277,881	(56,323)
Water assessment phase 8	15,500	15,500	16,011	511
Water assessment phase 9	-	-	2,185	2,185
Interest income	-	-	133	133
Total revenues	<u>448,204</u>	<u>448,204</u>	<u>359,816</u>	<u>(88,388)</u>
OTHER FINANCING USES				
Transfers out:				
General Fund - debt service	<u>(448,204)</u>	<u>(448,204)</u>	<u>(448,204)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(88,388)</u>	<u>\$ (88,388)</u>
Fund balance - beginning			<u>1,707,448</u>	
Fund balance - ending			<u>\$ 1,619,060</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Governmental Activities
	Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 995,687
User charges receivable	98,704
Total assets	1,094,391
LIABILITIES	
Claims payable	462,107
Due to other funds	115,583
Total liabilities	577,690
NET POSITION	
Unrestricted	516,701
Total net position	\$ 516,701

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services and premiums - employer	\$ 5,148,116
Charges for services and premiums - employee	1,644,704
Total operating revenues	6,792,820
OPERATING EXPENSES	
Claims incurred	6,476,696
Administration	715,616
Total operating expenses	7,192,312
Operating loss	(399,492)
NON-OPERATING INCOME	
Interest income	107
Change in net position	(399,385)
Net position - beginning	916,086
Net position - ending	\$ 516,701

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for the following:	
Employer	\$ 5,148,116
Employee	1,558,025
Cash paid for the following:	
Benefits and claims	(6,443,403)
Administration	(715,616)
Net cash used in operating activities	(452,878)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash transfers related to interfund activity	115,583
Net cash provided by noncapital financing activities	115,583
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	107
Net cash provided by investing activities	107
Net decrease in cash and cash equivalents	(337,188)
Cash and cash equivalents, beginning of year	1,332,875
Cash and cash equivalents, end of year	\$ 995,687
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (399,492)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(86,679)
Increase in claims payable	33,293
Net cash used in operating activities	\$ (452,878)

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 921,177	\$ 12,303	\$ 368,067
Investments, at fair value:			
Certificates of deposit	-	230,887	-
Corporate bonds	-	-	-
Guaranteed annuity contracts	10,784,402	-	-
Equity mutual funds	13,437,353	-	-
Bond mutual funds	2,261,785	-	-
Contributions receivable:			
Employer	582,934	-	-
Plan members	104,255	-	-
Total assets	<u>28,091,906</u>	<u>243,190</u>	<u>\$ 368,067</u>
LIABILITIES			
Accounts payable	-	-	-
Due to student groups	-	-	149,885
Due to others	-	-	218,182
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 368,067</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 28,091,906</u>	<u>\$ 243,190</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund
ADDITIONS		
Contributions:		
Employer	\$ 1,607,934	\$ -
Plan members	104,255	-
Private donations	-	1,250
Total contributions	1,712,189	1,250
Investment earnings:		
Net increase in the fair value of investments	3,763,884	-
Interest and dividends	531,602	6,432
Total investment earnings	4,295,486	6,432
Less investment fee expense	121,283	-
Net increase in investments	4,174,203	6,432
Total additions	5,886,392	7,682
DEDUCTIONS		
Benefit payments	1,651,551	-
Awards expense	-	6,900
Administrative expenses	58,034	-
Total deductions	1,709,585	6,900
Change in net position	4,176,807	782
Net position - beginning, as originally reported	23,357,642	242,408
Adjustment (<i>Note N</i>)	557,457	-
Net position - beginning, as restated	23,915,099	242,408
Net position - ending	\$ 28,091,906	\$ 243,190

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Wolcott, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The Town, originally named Farmingbury, was incorporated as Wolcott on 1796, under the provisions of the Connecticut General Statutes. The Town operates under a Town Council/Mayor form of government and provides the following services as authorized by its charter: public safety, public works, culture and recreation, health and welfare, education and other miscellaneous programs.

The legislative power of the Town is vested with the Town Council and Town Meeting. The Town Council may enact, amend or repeal ordinances and resolutions. The Town Council is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and the Mayor is responsible for presenting fiscal operating budgets for Town Council approval.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government-wide and Fund Financial Statements *(Continued)*

Fund Financial Statements *(Continued)*

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

Capital Improvement Fund - This capital projects fund is used to account for the revenues and expenditures associated with the Town's various long-term capital projects.

Water Assessments Fund - This fund is used to account for the proceeds of water line assessments. Revenue is used to fund debt services costs related to the waterline extension projects within the Town.

Small Cities Grant Fund - This fund accounts for the proceeds and expenditures related to the Community Development Block Grant Small Cities program operated by the Town. Funding is used to provide loans to low-income residents for home repairs.

In addition, the Town reports the following fiduciary fund types:

Internal Service Fund (proprietary) - This fund accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk management activities related to medical and dental insurance.

Pension Trust Funds - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: Town and Police Pension Trust Fund and the Board of Education Pension Trust Fund.

Private Purpose Trust Fund - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. There is no requirement that any portion of the resources be preserved as capital. The Town utilizes a private purpose trust fund to account for activities of the School Scholarship Private Purpose Trust Fund.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities fund and the performance bond fund. The student activities fund accounts for monies generated by student activities in the Town's school system. The performance bond fund accounts for monies received to ensure that driveways are installed to correct specifications for new construction.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting *(Continued)*

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected 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 period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

Implementation of New Accounting Standards

The Town has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* effective July 1, 2013. GASB Statement No. 65 results in the reclassification of certain financial statement line items on the statement of net position and balance sheet. In addition to reclassifications to these new categories, GASB No. 65 resulted in a change to the accounting treatment for certain items, including debt issuance costs.

The Town also has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25* effective July 1, 2013. GASB Statement No. 67 replaces the requirements of GASB No. 25 and No. 50 as they relate to pension plans administered through trusts. The objective of Statement No. 67 is to improve financial reporting of such pension plans and results in a change in required pension disclosure and required supplementary information related to pension plans.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance

Cash Equivalents

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.

Investments

Investments for the Town are reported at fair value (generally based on quoted market prices) except as described below.

The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office. STIF operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF qualifies as a 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. STIF is subject to regulatory oversight even though they are not registered by the SEC.

Inventories

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

Property Taxes

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due and interest on delinquent accounts is charged at a rate of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$75,587 and \$40,680, respectively, as of June 30, 2014.

Upon completion of projects, water and sewer assessments are levied and assessed to the users annually. The timing of billings is based on which phase of the assessment the property is located in. Sewer usage charges are billed annually on July 1. Water usage charges are billed quarterly. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at a rate of 1.5% per month. Liens are filed on all delinquent properties until the assessment is paid in full. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible water and sewer assessments of \$105,000 and \$12,300, respectively, as of June 30, 2014. In addition, the Town has established an allowance for uncollectible water and sewer usage of \$3,000 and \$10,000, respectively, as of June 30, 2014.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance *(Continued)*

Loans Receivable

The Town administers a Residential Rehabilitation Loan Program for low to moderate income families. The loans bear an interest rate of 0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2014, loans receivable totaled \$2,212,180 under this program.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

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

Unearned Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category. Both the deferred charge on refunding and the deferred charge on notes payable are reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The deferred charge on sewer upgrades represents the cost recognized by the Town in connection with upgrades completed at the sewage treatment plant in the City of Waterbury. These amounts are deferred and amortized over the life of the related debt.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance *(Continued)*

Deferred Outflows/Inflows of Resources *(Continued)*

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town only has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and interest, intergovernmental revenue, loans receivable, assessments and usage charges. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences and Employee Retirement Obligations

It is the Town's policy to permit employees to accumulate unused sick and vacation pay benefits. Benefits are determined by the individual union contracts. Certain Board of Education personnel are also eligible for certain retirement incentive amounts that are amortized over time upon acceptance of an Early Retirement Incentive Program. In addition, certain Town police employees are eligible for heart and hypertension benefits which are amortized over time.

All compensated absences and employee retirement obligations are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expenses when incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

Net Position and Fund Balances

The statement of net position presents the Town's assets, deferred outflows of resources, and liabilities, with net position as the residual of these elements. Net position reported in three categories:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net position - This component of net position consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. None of the Town's restricted net position is restricted through enabling legislation.

Unrestricted net position - This component of net position is the net amount of assets, liabilities, and deferred inflows/outflows of resources which do not meet the definition of the preceding two categories.

The Town's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through enabling legislation.

Committed - Amounts can be only used for specific purposes pursuant to constraints imposed by formal action of the Town Council (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance *(Continued)*

Net Position and Fund Balances *(Continued)*

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, when committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

Interfund Activities

Interfund activities are reported as follows:

Interfund 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance designation (non-spendable) in the General Fund and by a restricted, committed, or assigned fund balance designation of other governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Use of 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 and disclosures in the financial statements. Actual results could differ from those estimates.

Recently Issued Accounting Standards

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the effect implementation of this standard will have on its financial statements.

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE

Budgetary Information

A legally adopted budget is authorized annually for the following funds: General Fund, Acquired Facilities, Farmingbury Hills, Sewer Usage, Water Usage, Sewer Assessment and Water Assessment Funds. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provision of its Town Charter:

- The head of each department, office or agency of the Town, supported wholly or in part from Town funds, including the Board of Education, submits to the Mayor a detailed estimate of the expenditures to be made and the revenues to be collected in the ensuing fiscal year. Estimates are required to be submitted to the Mayor at least 90 days before the end of the fiscal year.
- The Mayor presents the budgeted estimates of revenues and expenditures and justifications to the Town Council, no later than 90 days before the end of the fiscal year.
- Not less than 30 days before the beginning of the fiscal year, the Town Council holds a public hearing on the budget. The Town Council adopts the final budget before 20 days of the close of the fiscal year.
- Expenditures are budgeted by function, department and object. The legal level of budget control is the department level. 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. Additional appropriations in excess of \$20,000 individually or \$50,000 cumulatively must be approved at a Town meeting.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2014

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE (Continued)

Budgetary Information (Continued)

- Formal budgetary integration is employed as a management control device during the year.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for capital improvements and nonrecurring expenditures. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2014:

	Total Revenues	Total Expenditures	Other Financing Sources, Net	Net Change in Fund Balance
Budgetary basis	\$ 49,763,346	\$ 49,892,811	\$ 667,518	\$ 538,053
"On-behalf" payments - State Teachers Retirement Fund (see Note J)	4,018,705	4,018,705	-	-
Adjustment for encumbrances	-	80,550	-	(80,550)
Capital lease proceeds not recorded for budgetary purposes	-	207,205	207,205	-
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	849,662	849,662	-	-
Certain transfers recorded as revenues for budgetary purposes	9,569	-	(9,569)	-
GAAP basis	\$ 54,641,282	\$ 55,048,933	\$ 865,154	\$ 457,503

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE (Continued)

Deficit Fund Equity

The following funds have deficit fund balances as of June 30, 2014, none of which constitutes a violation of statutory provisions:

Fund	Amount
Capital Improvement Fund	\$ (11,679,322)
Farmingbury Hills Country Club Fund	(155,066)

The deficits are expected to be eliminated through future revenue sources, bonding, and transfers in from the General Fund.

Capital Projects Authorizations

The following is a summary of capital projects as of June 30, 2014:

Capital Project	Authorization	Current Year Expenditures	Cumulative Expenditures	Encumbered	Balance - June 30, 2014
Long Swamp Road reconstruction	\$ 544,600	\$ -	\$ 502,990	\$ -	\$ 41,610
Road construction - Tosun/Nutmeg	1,328,800	-	1,328,800	-	-
Various Capital Projects III					
Finance/bonding legal/insurance	325,000	161,590	204,160	-	120,840
Purchase of pumper/tank fire engine	499,891	-	499,891	-	-
Reconstruction/repair roads - phase I	9,187,424	2,502,834	9,186,048	1,366	10
Upgrades to Wolcott Public Schools	1,800,000	1,235,876	1,745,855	-	54,145
Waterline lower Woodtick Road	162,685	-	162,685	-	-
Walking trail at Scovil Reservoir	350,000	30,528	51,827	-	298,173
Various Capital Projects IV					
Finance/bonding legal/insurance	271,300	8,144	8,144	144	263,012
Reconstruction/repair roads - phase II	10,500,000	102,107	102,107	989	10,396,904
Public works building	275,000	-	-	-	275,000
Upgrades to Wolcott Public Schools	863,700	-	-	-	863,700
Total	\$ 26,108,400	\$ 4,041,079	\$ 13,792,507	\$ 2,499	\$ 12,313,394

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE C - CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2014:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 13,949,174
Statement of fiduciary net position:	
Cash and cash equivalents	1,301,547
	15,250,721
Add: certificates of deposit classified as investments	230,887
Less: cash equivalents considered investments under GASB Statement No. 40	(2,562,389)
	\$ 12,919,219

Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy provides for uninsured demand and time deposits with banks and savings and loan institutions to be collateralized as prescribed in the Connecticut general statutes, as described below. In addition, in order to anticipate market changes and provide for a level of security for all funds, all public deposits shall be held in qualified public depositories. As of June 30, 2014, \$13,178,967 of the Town's bank balance of \$14,326,903 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,861,070
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	1,317,897
	\$ 13,178,967

All of the Town's deposits were in qualified public institutions as defined by Connecticut general statutes. Under these statutes, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments

A reconciliation of the Town's investments as of June 30, 2014 is as follows:

Government-wide statement of net position:		
Investments	\$	-
Statement of fiduciary net position:		
Investments		26,714,427
		26,714,427
Add: cash equivalents considered investments under GASB Statement No. 40		2,562,389
Less: certificates of deposit classified as investments		(230,887)
		\$ 29,045,929

As of June 30, 2014, the Town's investments consisted of the following:

Investment type	Credit Rating	Fair Value	Investment Maturities (In Years) Less Than 1
Debt Securities:			
Pooled fixed income accounts	AAA	\$ 1,891,207	\$ 1,891,207
Guaranteed annuity contract	Unrated	10,784,402	10,784,402
Money market mutual funds	Unrated	671,182	671,182
		13,346,791	\$ 13,346,791
Other investments:			
Equity mutual funds		13,437,353	
Bond mutual funds		2,261,785	
		\$ 29,045,929	

Because pooled fixed income accounts and the money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE C - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy provides for the Town to maintain significant balances in cash equivalents or other short term maturity investments, as changing interest rates have limited impact on these types of investments.

Credit Risk

Connecticut general statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The pension trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

The Town's investment policy regarding credit risk is to limit investments to those specified in the Connecticut general statutes, to pre-qualify the financial institutions used by the Town and to diversify the Town's portfolio so that the failure of one issuer will not place undue financial burden on the Town.

The Town's investments in pooled fixed income accounts, whose ratings are required to be disclosed, were rated AAA by Standard & Poor's.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, 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 investment policy defines certain requirements that financial dealers and institutions must to become qualified bidders to provide services to the Town. The Town's investments consist primarily of investments in pooled fixed income accounts, mutual funds and a guaranteed annuity contract, and are therefore not exposed to custodial credit risk as they are pooled investments rather than separate identifiable securities.

Concentrations of Credit Risk

The Town's investment policy restricts investments in any one issuer that is in excess of 10%. 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. More than 10 percent of the Town's investments are in certain mutual funds and a guaranteed annuity contract. These investments are held within the pension trust funds and are considered diversified by nature.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 consisted of the following:

	Beginning Balance <i>(Restated per Note N)</i>	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 3,830,774	\$ -	\$ -	\$ 3,830,774
Construction in progress	1,014,363	597,288	(917,816)	693,835
Total capital assets, not being depreciated	<u>4,845,137</u>	<u>597,288</u>	<u>(917,816)</u>	<u>4,524,609</u>
Capital assets, being depreciated:				
Land improvements	3,864,634	50,000	-	3,914,634
Buildings	57,844,863	942,438	-	58,787,301
Vehicles, machinery and equipment	15,747,934	292,606	(336,986)	15,703,554
Infrastructure	57,321,465	3,354,775	(5,383)	60,670,857
Total capital assets, being depreciated	<u>134,778,896</u>	<u>4,639,819</u>	<u>(342,369)</u>	<u>139,076,346</u>
Less accumulated depreciation and amortization for:				
Land improvements	2,744,988	96,947	-	2,841,935
Buildings	23,065,135	1,040,029	-	24,105,164
Vehicles, machinery and equipment	10,375,107	892,452	(253,799)	11,013,760
Infrastructure	24,990,973	822,455	(1,615)	25,811,813
Total accumulated depreciation and amortization	<u>61,176,203</u>	<u>2,851,883</u>	<u>(255,414)</u>	<u>63,772,672</u>
Total capital assets, being depreciated, net	<u>73,602,693</u>	<u>1,787,936</u>	<u>(86,955)</u>	<u>75,303,674</u>
Governmental activities capital assets, net	<u>\$ 78,447,830</u>	<u>\$ 2,385,224</u>	<u>\$ (1,004,771)</u>	<u>\$ 79,828,283</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 106,231
Public safety	643,455
Public works	975,742
Culture and recreation	173,384
Education	953,071
Total depreciation and amortization expense - governmental activities	<u>\$ 2,851,883</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE E - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Nonmajor governmental funds	\$ 181,696
	Internal Service Fund	115,583
		<u>\$ 297,279</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE F - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital Improvement Fund	\$ 181,938
	Water Assessment Fund	448,204
	Nonmajor governmental funds	82,376
		<u>712,518</u>
Capital Improvement Fund	General Fund	<u>9,569</u>
Nonmajor governmental funds	General Fund	<u>45,000</u>
Total transfers		<u>\$ 767,087</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expand them, and (2) use revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2014

NOTE G - SHORT-TERM LIABILITIES

The following is a summary of changes in short-term debt for the year ended June 30, 2014:

	<u>Due Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities						
Bond anticipation notes	10/2013	1.50%	\$ 9,780,000	\$ -	\$ (9,780,000)	\$ -
Bond anticipation notes	10/2014	1.25%	-	12,325,000	(6,960,000)	5,365,000
Bond anticipation notes	10/2014	0.50%	-	4,000,000	-	4,000,000
			<u>\$ 9,780,000</u>	<u>\$ 16,325,000</u>	<u>\$ (16,740,000)</u>	<u>\$ 9,365,000</u>

The purpose of the bond anticipation notes are to provide interim financing for various ongoing construction projects until future general obligation bonds are issued. As discussed more fully in Note O, \$6,960,000 of the bond anticipation notes was subsequently retired through proceeds from the issuance of general obligation bonds. As such, this amount has been presented as a long-term liability in the government-wide statements of net position and has been recognized as an other financing source in the governmental funds statement of revenues, expenditures and changes in fund balance.

NOTE H - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 23,915,000	\$ -	\$ (2,625,000)	\$ 21,290,000	\$ 2,570,000
Bond anticipation note	-	6,960,000	-	6,960,000	-
Unamortized premium	1,068,511	-	(66,093)	1,002,418	-
Total bonds payable	<u>24,983,511</u>	<u>6,960,000</u>	<u>(2,691,093)</u>	<u>29,252,418</u>	<u>2,570,000</u>
Other liabilities:					
Notes payable	1,162,384	-	(168,621)	993,763	166,532
Capital lease obligations	964,930	327,506	(414,554)	877,882	310,933
Heart and Hypertension obligations	1,569,534	121,751	(163,300)	1,527,985	151,587
Compensated absences	2,829,328	125,260	-	2,954,588	363,739
Early retirement incentive	9,975	-	(1,425)	8,550	1,425
Net pension obligation	228,009	26,996	(1,730)	253,275	-
Net OPEB obligation	5,085,586	1,146,909	-	6,232,495	-
	<u>\$ 36,833,257</u>	<u>\$ 8,708,422</u>	<u>\$ (3,440,723)</u>	<u>\$ 42,100,956</u>	<u>\$ 3,564,216</u>

The above liabilities have typically been liquidated by the General Fund and transfers in from the Water Assessment Fund.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2014

NOTE H - LONG-TERM LIABILITIES (Continued)

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2014 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
Bonds Payable					
General Obligation Bonds	03/2002	\$ 800,000	6.25% - 6.5%	06/2022	\$ 200,000
General Obligation Refunding Bonds	11/2004	8,476,680	3.0% - 4.0%	08/2019	3,005,000
General Obligation Bonds	08/2006	6,490,000	4.0% - 5.0%	08/2025	3,900,000
General Obligation Bonds	08/2006	1,290,000	4.0% - 6.0%	08/2026	850,000
General Obligation Refunding Bonds	08/2010	12,785,000	2.0% - 5.0%	08/2021	9,575,000
General Obligation Bonds	08/2010	4,465,000	3.0% - 4.125%	08/2029	3,760,000
					<u>\$ 21,290,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2014:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,570,000	\$ 852,278	\$ 3,422,278
2016	2,555,000	750,440	3,305,440
2017	2,460,000	648,703	3,108,703
2018	2,425,000	544,128	2,969,128
2019	2,390,000	434,557	2,824,557
2020-2024	6,795,000	935,216	7,730,216
2025-2029	1,860,000	197,569	2,057,569
2030	235,000	4,847	239,847
	<u>\$ 21,290,000</u>	<u>\$ 4,367,738</u>	<u>\$ 25,657,738</u>

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$231,178,269 as of June 30, 2014. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2014.

Authorized, Unissued Bonds

As of June 30, 2014, the Town had authorized but unissued bonds totaling \$7,910,000 for various ongoing construction projects.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2014

NOTE H - LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

School Bond Reimbursements

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. Additional reimbursements of principal and interest aggregating \$3,890,014 and \$464,981, respectively, are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net position. The long-term portion of \$3,251,218 will be realized by the Town through fiscal year 2022.

Notes Payable

The State of Connecticut Department of Environmental Protection has provided Clean Water financing in the form of permanently financed serial notes to the City of Waterbury for sewage treatment plant upgrades under project CWF 201. Pursuant to the provisions of the Waterbury/Wolcott Intermunicipal Agreement regarding the sewage treatment plant upgrade project, the Town is responsible for \$3,089,815 of the total cost, representing 3.475% of the total project cost. The Town will pay its proportionate share of the project cost directly to the State of Connecticut.

A summary of the Town's portion of the clean water notes payable outstanding at June 30, 2014 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
Notes Payable					
Clean Water Loan - 201P	08/1995	115,813	2.0%	08/2014	\$ 965
Clean Water Loan - 201D1	07/1997	210,610	2.0%	07/2016	25,286
Clean Water Loan - 201C3	06/2004	2,763,392	2.0%	06/2020	967,512
					<u>\$ 993,763</u>

Annual debt service requirements to maturity on these obligations are as follows as of June 30, 2014:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 166,532	\$ 18,359	\$ 184,891
2016	168,908	15,014	183,922
2017	160,071	11,700	171,771
2018	162,776	8,478	171,254
2019	166,062	5,193	171,255
2020	169,414	1,840	171,254
	<u>\$ 993,763</u>	<u>\$ 60,584</u>	<u>\$ 1,054,347</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2014

NOTE H - LONG-TERM LIABILITIES (Continued)

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2014:

	Governmental Activities
Machinery and equipment	\$ 1,044,090
Less: accumulated amortization	490,026
	\$ 554,064

Amortization expense relative to leased property under capital leases totaled \$133,969 for the year ended June 30, 2014 and is included in depreciation and amortization expense disclosed in Note D.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 are as follows:

Year ending June 30:	Governmental Activities
2015	\$ 382,036
2016	321,935
2017	140,870
2018	67,238
Total minimum lease payments	912,079
Less: amount representing interest	(34,197)
Present value of minimum lease payments	\$ 877,882

Heart and Hypertension Obligations

The Town's estimated liability for heart and hypertension obligations as of June 30, 2014 is \$1,527,985. Currently, two spousal and one direct beneficiary receive weekly benefit payments that are subject to annual COLA adjustments. The total liability increased in the current year, due to one additional beneficiary with estimated payouts of \$121,751, offset by current year benefit payments. The total estimated liability has been established based upon a life expectancy assumption for each individual receiving weekly benefit payments.

Early Retirement Incentive

The Board of Education provides early retirement incentive benefits to 1 former employee. This amount consists of payments due to a retired individual for compensated absences and annuity payments and will be paid out in equal payments of \$1,425 annually through fiscal year 2020.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE I - FUND BALANCE

The various components of fund balance at June 30, 2014 are as follows:

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 24,871	\$ 24,871
Restricted for:						
Grant programs	-	-	-	-	64,188	64,188
Donor restrictions	-	-	-	-	32,986	32,986
Open space	-	-	-	-	87,363	87,363
Public safety	-	-	-	-	3,807	3,807
Committed to:						
General government	-	-	-	-	231,853	231,853
Public safety	-	-	-	-	172,950	172,950
Culture and recreation	-	-	-	-	218,291	218,291
Health and welfare	-	-	-	-	4,297	4,297
Education	-	-	-	-	319,416	319,416
Capital outlay	-	-	-	-	119,256	119,256
Water and sewer operati	-	-	-	-	273,498	273,498
Debt repayment	-	-	1,619,060	-	954,258	2,573,318
Assigned to:						
Education	102,984	-	-	-	-	102,984
Unassigned	3,449,415	(4,719,322)	-	-	(155,066)	(1,424,973)
	<u>\$ 3,552,399</u>	<u>\$ (4,719,322)</u>	<u>\$ 1,619,060</u>	<u>\$ -</u>	<u>\$ 2,351,968</u>	<u>\$ 2,804,105</u>

NOTE J - EMPLOYEE RETIREMENT PLANS

Defined Benefit Plans

The Town maintains two single-employer, defined benefit pension plans: the Town General Pension Plan and the Board of Education Pension Plan. The Plans cover substantially all full time employees except professional personnel at the Board of Education who are covered by the State of Connecticut Teacher's Retirement System. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

The Town has not yet implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which is effective for fiscal years beginning after June 15, 2014. GASB Statement No. 68 will require the Town to record the net pension liability of its defined benefit pension plan in its government-wide financial statements. The net pension liability has been disclosed below in accordance with the implementation of GASB Statement No. 67. The Town continues to apply the provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which requires employers to recognize a net pension asset or obligation in its government-wide financial statements based on the cumulative difference between the annual pension cost and the amounts contributed to the plan.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2014

NOTE J - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan

Plan Description

Plan administration - The Town of Wolcott administers the Retirement Plan for the Full-Time Employees of the Town of Wolcott - a single-employer, contributory, defined benefit pension plan (the "Town Plan"). The Town Plan provides retirement, and disability for eligible employees of the Town. The Town Plan is administered by a Retirement Board composed of selected members.

Plan membership - Eligible regular full-time employees of the Town and Police are members of the Town Plan. Eligible employees become members after completion of one year of service. Non-union Town employees are not permitted to participate in the plan after June 30, 2011. At January 1, 2013, the valuation date, Town Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	47
Terminated members entitled to, but not yet receiving benefits	29
Active members	87
	163
	163

Benefits provided - The Town Plan provides retirement, and disability benefits. The normal retirement age for police officers is either 60 with 20 years of service, age 50 with 25 years of service, or age 65. The normal retirement age for all other employees is 65. Normal retirement benefits consist of yearly annuity. Police officers vest after seven years of service and are fully vested at that time. All other employees will vest in accordance with the following schedule in regards to Town contributions:

Years of Service	Vested Percentage
Less than 3	0%
3	20%
4	40%
5	60%
6	80%
7	100%

For police officers, the benefit is based on 50% of final average earnings less 2.5% for each year of service if less than 20 years plus 2% of final 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 that are subject to Federal Income Taxes 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 who contribute to the plan, the multiplier is 1.9%. Final average salary is defined as an average of gross wages for the three highest consecutive years out of the last 10 years of service.

Police officers are eligible for early retirement not more than ten years prior to normal retirement age with at least 15 years of service. Benefits include normal pension benefits reduced by applying actuarial reduction for each year earlier than normal retirement date. For all other employees, the early retirement age is 55 with 15 years of service. Normal pension benefits are reduced by appropriate plan factors for each month younger than normal retirement age.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE J - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Plan Description *(Continued)*

Benefits provided (Continued) - Disability benefits are available for police officers based on non-service and service disability. Non-service disability includes 50% of salary at point of disability and is available for all police officers who are at least age 50 and have 10 years of services. Service disability for full-time officers who are disabled in the performance of their duties includes 50% of salary reduced by any other compensation from the Town. Payments continue if no employment is available upon the officer's maximum recovery. All other employees age 47 with 10 years of service are eligible for annuity payments calculated in accordance with normal retirement benefits.

Contributions - The contribution requirements of plan members are established and may be amended by the Town Council, subject to union contract negotiation. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. Police officers as of October 1, 1996 contribute 2% of W-2 wages. Any officers hired after October 1, 1996 contribute 5% of W-2 wages. Employee contributions are 1.5% for members of UPSEU Local 424, Unit 58 and Local 1303-63 of Council 4 AFSCME, AFL-CIO. All other employees are not required to make contributions to the Town Plan.

Summary of Significant Accounting Policies

Investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

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

Concentrations - The Town Plan's investments consist solely of investments in various mutual funds and are therefore not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

Rate of return - For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 20.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)

Town General Pension Plan (Continued)

Net Pension Liability of the Town Plan

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

Total pension liability	\$	27,154,977
Plan fiduciary net position		16,569,243
Town's net pension liability	\$	10,585,734
Plan fiduciary net position as a percentage of the total pension liability		61.0%

Actuarial assumptions - The total pension liability for the Town Plan was determined by an actuarial valuation as of January 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3.00%
Salary increases		3.50%
Investment rate of return		8.00%
Discount rate		7.41%

The long-term expected rate of return on the Town Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Town Plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	75.00%	6.28%
Bonds	20.00%	1.40%
Cash	5.00%	1.00%

Discount rate - The discount rate used to measure the total pension liability of the Town Plan was 7.41%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE J – EMPLOYEE RETIREMENT PLANS (Continued)

Town General Pension Plan (Continued)

Net Pension Liability of the Town Plan (Continued)

Discount rate (Continued) - Based on those assumptions, the Town Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through 2055. Therefore, the long-term expected rate of return on pension plan investments was applied to periods of projected benefit payments, prior to 2056, to determine the total pension liability. The AA rated 20-year general obligation municipal bond index rate of 4.29% is applied to projected benefit payments after 2055.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Town Plan, calculated using the discount rate of 7.41% as well as what the Town Plan’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.41%) or 1-percentage-point higher (8.41%) than the current rate:

	1% Decrease (6.41%)	Current Discount (7.41%)	1% Increase (8.41%)
Town Plan's net pension liability as of June 30, 2014	\$ 13,849,815	\$ 10,585,734	\$ 7,824,161

Net Pension Obligation of the Town Plan

The following presents the net pension obligation of the Town Plan as of June 30, 2014 and the related change in the net pension obligation for the year ended June 30, 2014:

Annual required contribution	\$ 1,022,367
Interest on net pension obligation	5,662
Adjustment to annual required contribution	(4,759)
Annual pension cost	1,023,270
Contributions made	1,025,000
Change in net pension obligation	(1,730)
Net pension obligation, beginning of year	70,777
Net pension obligation, end of year	\$ 69,047

Board of Education Pension Plan

Plan Description

Plan administration - The Town of Wolcott Board of Education administers the Retirement Plan for the full-time employees of the Town of Wolcott Board of Education Pension Plan – a single-employer, contributory, defined benefit pension plan (the “Board of Education Plan”). The Plan provides retirement, disability, and survivorship benefits for eligible employees of the Board. The Plan is administered by a Retirement Board composed of selected members.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2014

NOTE J - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

Plan Description *(Continued)*

Plan membership - Eligible regular full-time employees of the Board of Education are members of the Board Education Plan. Eligible employees become members after completion of one year of service. At September 1, 2012, the valuation date, Pension Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	75
Terminated members entitled to, but not yet receiving benefits	21
Active members	107
	203
	203

Benefits provided - The Board of Education Plan provides retirement, disability, and death benefits. The normal retirement age for the custodial group is either 62 with 30 years of service, or age 65 with 5 years of service. The normal retirement age for the non-custodial group (secretaries, nurses and cafeteria workers) is 62 with 5 years of service. The normal retirement age for the business manager is 60 with 22 years of service. The secretarial group is fully vested after ten years of service and all other employees vest after five years of service, and are fully vested at that time. Normal retirement benefits consist of yearly annuity.

For all employees, the benefit is based on 50% of final average salary. Final average salary is defined as the highest five-year average within the last 10 years. The benefit is reduced by 1/20 for every year of service less than 20.

All participants are eligible for early retirement not more than ten years prior to normal retirement age with at least 15 years of service. Benefits include normal pension benefits reduced by applying actuarial reduction for each year earlier than normal retirement date. In addition, disability benefits are available for all participants. Disability benefits are available for employees at least 45 years of age with 8 years of completed service. Payments consist of the employees accrued benefit to date of the disability and are payable immediately.

Contributions - The contribution requirements are established and may be amended by the Board of Education Superintendent or his/her designee, subject to union contract negotiation. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Currently, the plan members do not contribute.

Summary of Significant Accounting Policies

Investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment policy - The Board of Education Plan's policy in regard to the allocation of invested assets is established and may be amended by the Superintendent and Board of Education. It is the policy of the Board of Education to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Concentrations - The Board of Education Plan's investments consist solely of investments in a guaranteed annuity contract and are therefore not exposed to concentrations of credit risk, as this investment is considered to be diversified by nature.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE J - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan (Continued)

Summary of Significant Accounting Policies *(Continued)*

Rate of return - For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Board of Education Plan

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

Total pension liability	\$	13,599,692
Plan fiduciary net position		10,784,402
Town's net pension liability	\$	2,815,290
Plan fiduciary net position as a percentage of the total pension liability		79.3%

Actuarial assumptions - The total pension liability for the Board of Education Plan was determined by an actuarial valuation as of September 1, 2012, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3.00%
Salary increases		4.00%
Investment rate of return		7.50%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	60.00%	6.35%
Fixed Income	40.00%	1.95%

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE J - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

Net Pension Liability of the Board of Education Plan *(Continued)*

Discount rate - The discount rate used to measure the total Board of Education pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Board of Education contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Board of Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Board of Education Plan, calculated using the discount rate of 7.50% as well as what the Board of Education Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1- percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Board of Education Plan's net pension liability as of June 30, 2014	\$ 4,184,908	\$ 2,185,290	\$ 1,645,290

Net Pension Obligation for the Board of Education Plan

The following presents the net pension obligation of the Board of Education Plan as of June 30, 2014 and the related change in the net pension obligation for the year ended June 30, 2014:

Annual required contribution	\$ 570,934
Interest on net pension obligation	11,792
Adjustment to annual required contribution	(10,796)
Annual pension cost	571,930
Contributions made	544,934
Change in net pension obligation	26,996
Net pension obligation, beginning of year	157,232
Net pension obligation, end of year	\$ 184,228

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2014

NOTE J - EMPLOYEE RETIREMENT PLANS *(Continued)*

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 plan operates on a calendar year. Employees who are 18 years of age and have 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 mandatory contributions of 3%, with a maximum of 10%, of aggregate compensation. Town and employee contributions for the fiscal year 2014 were \$16,782 and \$8,388, 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 become 100% vested in their Town contribution account upon retirement, death, or becoming totally and permanently disabled. Normal retirement age under the plan is 62.

Changes to the plan must be approved by resolution of the Town Council except for plan changes necessary to comply with changes to Code, Regulation, Revenue Ruling, and other Internal Revenue Service published statements. The Town has authorized Pullman and Comley, LLP, to make such changes.

Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis. For the year ended June 30, 2014, Town teachers contributed \$1,175,297 to the plan and covered payroll for the year was \$16,210,993.

The Town has reported "on behalf" payments of \$4,018,705 made by the State of Connecticut into the plan as intergovernmental revenues and related education expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Descriptions

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees, spouses and beneficiaries. The other postemployment benefit program (OPEB) 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:

Current retirees, beneficiaries, and dependents	239
Current active participants	443
	<u>682</u>

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. 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

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2014

NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Funding Policy *(Continued)*

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)

Annual OPEB Cost and Net OPEB Obligation

The Town's annual 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 over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

Annual required contribution	\$	1,949,581
Interest on net OPEB obligation		203,423
Adjustment to annual required contribution		(325,538)
Annual OPEB cost (expense)		1,827,466
Contributions made		680,557
Increase in net OPEB obligation		1,146,909
Net OPEB obligation, beginning of year		5,085,586
Net OPEB obligation, end of year	\$	6,232,495

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the years ended June 30, 2012 through 2014 is as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 1,878,949	44.4%	\$ 4,061,711
2013	1,778,265	42.4%	5,085,586
2014	1,827,466	37.2%	6,232,495

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Funded Status and Funding Progress

The funded status of both plans as of the date of the most recent actuarial valuations was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Actuarial Cost Method (B)	(Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 20,645,315	\$ (20,645,315)	0.0%	\$ 24,373,895	84.7%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in 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 Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2012
Actuarial cost method:	Unit Credit
Amortization method:	30-year Amortization Closed
Remaining amortization period:	26 years
Asset valuation method:	N/A
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	4.00%
Healthcare cost trend rate	8.00% graded to 5.00% over six years
Drug cost trend rate	6.00% graded to 5.00% over two years
Dental cost trend rate	5.00%

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE L - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. During 2014, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

The Internal Service Fund 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 Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$200,000 for combined hospital and major medical.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2014. Claims liabilities are recorded in accordance with GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

A summary of claims activity for the years ended June 30, 2012 and 2013 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2013	\$ 420,470	\$ 6,377,979	\$ 6,369,635	\$ 428,814
2014	428,814	6,476,696	6,443,403	462,107

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

NOTE M - COMMITMENTS AND CONTINGENCIES

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE M - COMMITMENTS AND CONTINGENCIES *(Continued)*

The Town may be subject to rebate penalties to the federal government relating to various bond issues. The Town expects such amounts, if any, to be immaterial.

As of June 30, 2014, the Town has recorded \$102,984 in encumbrances. Such encumbrances have been included in assigned fund balance in the accompanying balance sheet of governmental funds as of June 30, 2014.

Inter-municipal Agreements and Commitments

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 \$3,600 were incurred in fiscal year 2014 related to the Town's participation in TROC.

As reflected in TROC's financial statements as of June 30, 2013, the most recent audited statements available, unrestricted net position totaled \$1.1 million and the unassigned fund balance totaled \$.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 \$507,809 in the current fiscal year.

As reflected in BRRFOC's financial statements as of June 30, 2013, the most recent audited statements available, unrestricted net position totaled \$7.6 million and the unassigned fund balance totaled \$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.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2014

NOTE N - IMPLEMENTATION OF NEW PRONOUNCEMENTS AND CORRECTIONS OF PRIOR PERIOD ERRORS

The Town has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* effective July 1, 2013. GASB Statement No. 65 resulted in the reclassification of certain financial statement line items on the statement of net position and balance sheet. In addition to reclassifications to these new categories, GASB No. 65 has also resulted in an adjustment to the beginning net position of the governmental activities to expense unamortized bond issuance costs.

In addition, the beginning net positions of the governmental activities and the pension trust funds have been restated for the correction of an error. The effect of the adjustments on the prior year changes in net positions for the year ended June 30, 2013 cannot be readily determined.

As such, net position as of July 1, 2013 has been restated as follows:

	Governmental Activities	Fiduciary Funds Pension Trust Fund
Net position - beginning, as originally reported	\$ 53,840,935	\$ 23,357,642
Expense unamortized bond issuance costs	(151,860)	-
Adjustment to properly state beginning balances of depreciable capital assets	(97,825)	-
Adjustment to properly record contribution receivable as of June 30, 2013	-	557,457
Net position - beginning, as adjusted	\$ 53,591,250	\$ 23,915,099

NOTE O - SUBSEQUENT EVENTS

As of October 2014, the Town's credit rating was increased to a AA by Standard and Poor's Investor Services.

In October 2014, the Town issued \$6,960,000 of general obligation bonds which were used to retire a portion of previously outstanding bond anticipation notes. The general obligation bonds issued bear interest rates ranging from 2.00% to 4.00% and mature in October 2033.

In connection with the bond issuance in October 2014, the Town issued a bond anticipation note in the amount of \$13,050,000. The proceeds from this note was used to refinance the remaining bond \$9,365,000 of bond anticipation notes outstanding as of June 30, 2014 and to provide additional funding for ongoing capital projects. The bond anticipation note is due in October 2015 and bears an interest rate of 1.25%.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)
TOWN GENERAL PENSION PLAN
JUNE 30, 2014

	2014
Total pension liability	
Service cost	\$ 774,852
Interest	1,888,726
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(1,497,403)
Benefit payments, including refunds	(981,367)
Net change in total pension liability	184,808
Total pension liability - beginning	26,970,169
Total pension liability - ending	27,154,977
 Plan fiduciary net position	
Contributions - employer	1,025,000
Contributions - members	92,812
Net investment income	2,814,892
Benefit payments, including refunds	(981,367)
Administrative expense	(121,809)
Net change in plan fiduciary net position	2,829,528
Plan fiduciary net position - beginning	13,739,715
Plan fiduciary net position - ending	16,569,243
 Town's net pension liability	 \$ 10,585,734
 Plan fiduciary net position as a percentage of total pension liability	 61.02%
 Covered employee payroll	 \$ 5,408,348
 Town's net pension liability as a percentage of covered employee payroll	 195.73%

Notes to Schedule:

Benefit Changes None noted

Assumption Changes The discount rate has increased from 6.93% as of June 30, 2013
to 7.41% as of June 30, 2014

Note: The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)
TOWN GENERAL PENSION PLAN
JUNE 30, 2014

	2014
Actuarially determined contribution	\$ 1,022,367
Contributions in relation to the actuarially determined contribution	1,025,000
Contribution deficiency (excess)	\$ (2,633)
Covered employee payroll	\$ 5,408,348
Contributions as a percentage of covered employee payroll	18.95%
Annual money-weighted rate of return, net of investment expense	20.98%

Notes to Schedule:

Valuation date January 1, 2013

Actuarially determined contribution rates are calculated as of December 31, prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	26 years remaining as of January 1, 2013
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years
Inflation	3.00%
Investment rate of return	8.00%
Salary increases	Varies from 0.00% to 7.94%
Retirement age	Age 65 for Town Employees; Normal Retirement age for Police
Mortality	
Healthy:	RP-2000 Combined Healthy Mortality Table Projected 14 years with Scale AA
Disabled:	RP-2000 Disabled Retiree Mortality Table Projected 14 years with Scale AA

Note: The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)
BOARD OF EDUCATION PENSION PLAN
JUNE 30, 2014

	2014
Total pension liability	
Service cost	\$ 299,308
Interest	947,559
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	353,104
Benefit payments, including refunds	(670,184)
Net change in total pension liability	929,787
Total pension liability - beginning	12,669,905
Total pension liability - ending	13,599,692
 Plan fiduciary net position	
Contributions - employer	557,457
Contributions - members	-
Net investment income	1,458,383
Benefit payments, including refunds	(670,184)
Administrative expense	(57,505)
Net change in plan fiduciary net position	1,288,151
Plan fiduciary net position - beginning	9,496,251
Plan fiduciary net position - ending	10,784,402
 Town's net pension liability	 \$ 2,815,290
 Plan fiduciary net position as a percentage of total pension liability	 79.30%
 Covered employee payroll	 \$ 3,196,222
 Town's net pension liability as a percentage of covered employee payroll	 88.08%

Notes to Schedule:

Benefit Changes None noted

Assumption Changes Mortality changed from RP2000 Combined Health Mortality Table to
RP2000 Combined Health Mortality Table Projected 14 years with Scale AA

Note: The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)
BOARD OF EDUCATION PENSION PLAN
JUNE 30, 2014

	2014
Actuarially determined contribution	\$ 570,934
Contributions in relation to the actuarially determined contribution	544,934
Contribution deficiency (excess)	\$ 26,000
Covered employee payroll	\$ 3,196,222
Contributions as a percentage of covered employee payroll	17.05%
Annual money-weighted rate of return, net of investment expense	15.11%

Notes to Schedule:

Valuation date September 1, 2012

Actuarially determined contribution rates are calculated as of December 31, prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level percent of payroll assuming 4% per year increase, closed
Remaining amortization period	22 years as of September 1, 2012
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years.
Inflation	3.00%
Investment rate of return	7.50%
Salary increases	3.00%
Retirement age	Age 62 with 5 years of service for Non-Custodial Group Age 60 with 30 years of service or age 65 with 5 years of service for Custodial
Mortality	RP2000 Combined Healthy Mortality Table Projected 14 years with scale AA

Note: The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS (UNAUDITED)
JUNE 30, 2014

Other Post-Employment Benefits Program						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2008	\$ -	\$ 18,646,344	\$ 18,646,344	0.0%	\$ 25,203,401	74.0%
July 1, 2010	-	21,462,037	21,462,037	0.0%	21,419,478	100.2%
July 1, 2012	-	20,645,315	20,645,315	0.0%	24,373,895	84.7%

See accompanying Independent Auditor's Report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF WOLCOTT, CONNECTICUT
COMPARATIVE BALANCE SHEETS
GENERAL FUND
JUNE 30, 2014

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 3,917,444	\$ 3,149,701
Receivables:		
Property taxes and interest, net	1,009,309	952,391
Grants and contracts	4,004,482	4,973,889
Other	183,620	242,024
Due from other funds	297,279	275,643
Total assets	<u>\$ 9,412,134</u>	<u>\$ 9,593,648</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,068,926	\$ 1,108,393
Due to other funds	-	14,000
Unearned revenue	22,479	55,289
Total liabilities	<u>1,091,405</u>	<u>1,177,682</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue:		
Property taxes and interest	878,316	787,171
Grants and contracts	3,890,014	4,533,899
Total deferred inflows of resources	<u>4,768,330</u>	<u>5,321,070</u>
FUND BALANCES		
Assigned	102,984	183,534
Unassigned	3,449,415	2,911,362
Total fund balances	<u>3,552,399</u>	<u>3,094,896</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 9,412,134</u>	<u>\$ 9,593,648</u>

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
PROPERTY TAXES				
Current levy	\$ 32,063,222	\$ 32,063,222	\$ 32,108,035	\$ 44,813
Prior year levies	475,000	475,000	472,478	(2,522)
Interest and lien fees	216,000	216,000	295,127	79,127
Total property taxes	<u>32,754,222</u>	<u>32,754,222</u>	<u>32,875,640</u>	<u>121,418</u>
INTERGOVERNMENTAL REVENUES				
Education equalization grant	13,691,817	13,691,817	13,691,399	(418)
School bonded projects - principal	643,885	643,885	913,272	269,387
School bonded projects - interest	144,042	144,042	171,124	27,082
Town aid road grant	302,402	302,402	301,987	(415)
Municipal aid adjustment grant	220,938	220,938	170,938	(50,000)
Elderly tax relief - circuit breaker	168,625	168,625	159,974	(8,651)
Transportation	127,960	127,960	153,373	25,413
Local capital improvements grant	231,949	231,949	114,468	(117,481)
Pequot grant	70,924	70,924	61,320	(9,604)
Medicare reimbursement	27,500	27,500	58,229	30,729
Veterans tax relief	32,138	32,138	28,256	(3,882)
Regional Water Authority - PILOT Program	8,365	8,365	8,427	62
Adult education	4,432	4,432	4,421	(11)
Totally disabled tax relief	3,254	3,254	3,036	(218)
Elderly tax relief - freeze	2,000	2,000	2,000	-
Payment in lieu of taxes: state-owned property	2,092	2,092	1,936	(156)
Civil preparedness grant	2,400	2,400	-	(2,400)
Library grant	2,000	2,000	-	(2,000)
Total intergovernmental revenues	<u>15,686,723</u>	<u>15,686,723</u>	<u>15,844,160</u>	<u>157,437</u>
CHARGES FOR SERVICES				
Special education - tuition	60,000	60,000	197,442	137,442
Commercial refuse hauler	102,012	102,012	91,414	(10,598)
Records money	1,500	1,500	504	(996)
Ambulance service fees	115,000	115,000	65,000	(50,000)
Tuition	35,000	35,000	17,345	(17,655)
Parks and recreation	17,000	17,000	15,355	(1,645)
Zoning board of appeals	1,000	1,000	15	(985)
Rainbow day camp fees	800	800	1,200	400
Solicitor and vendor permits	150	150	715	565
Inland wetlands permits	1,800	1,800	904	(896)
Outside activities	8,750	8,750	4,245	(4,505)
Parking tickets	200	200	210	10
In-kind services	12,000	12,000	12,000	-
Total charges for services	<u>355,212</u>	<u>355,212</u>	<u>406,349</u>	<u>51,137</u>

(Continued)

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
LICENSES AND PERMITS				
Town clerk	\$ 200,000	\$ 200,000	\$ 208,419	\$ 8,419
Planning and zoning	15,000	15,000	19,303	4,303
Building permits	85,000	85,000	107,471	22,471
Recycling permits	17,000	17,000	23,848	6,848
Blasting permits	500	500	-	(500)
Police department permits	3,400	3,400	16,395	12,995
Total licenses and permits	<u>320,900</u>	<u>320,900</u>	<u>375,436</u>	<u>54,536</u>
INTEREST INCOME	<u>6,000</u>	<u>6,000</u>	<u>3,597</u>	<u>(2,403)</u>
OTHER REVENUES				
Library fines	11,500	11,500	11,824	324
False alarm fines	2,500	2,500	925	(1,575)
Vital statistics	125	125	72	(53)
Telephone access grant	44,000	44,000	34,859	(9,141)
Agency collection fees	17,000	17,000	-	(17,000)
Pavilion	1,500	1,500	2,625	1,125
Unanticipated revenues	65,000	65,000	207,859	142,859
Total other revenues	<u>141,625</u>	<u>141,625</u>	<u>258,164</u>	<u>116,539</u>
OTHER FINANCING SOURCES				
Transfers in:				
Water Assessment Fund	448,204	448,204	448,204	-
Residual bonds (Capital Improvement Fund)	181,890	181,890	181,938	48
Farmingbury Golf Course	82,376	82,376	82,376	-
Total other financing sources	<u>712,470</u>	<u>712,470</u>	<u>712,518</u>	<u>48</u>
Total revenues and other financing sources	<u>\$ 49,977,152</u>	<u>\$ 49,977,152</u>	<u>\$ 50,475,864</u>	<u>\$ 498,712</u>

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT				
Mayor's office	\$ 204,031	\$ 203,050	\$ 203,050	\$ -
Treasurer's office	116,370	120,414	119,702	(712)
Finance office	251,344	251,740	251,740	-
Town council	75,885	74,820	74,629	(191)
Town clerk	176,152	173,724	173,724	-
Tax collector	194,859	177,634	177,624	(10)
Assessor	221,535	198,770	198,770	-
Board of tax review	5,630	3,263	3,263	-
Building inspector	64,752	62,980	62,980	-
Planning and zoning	84,985	85,574	85,574	-
Inland/Wetlands conservation	9,600	3,021	3,021	-
Industrial development	2,800	1,100	1,100	-
Zoning board of appeals	3,550	3,205	3,205	-
Registrar of voters	79,475	67,203	67,203	-
Other general government:				
Wages	273,500	249,010	249,010	-
Benefits and insurance	2,010,531	2,022,480	2,022,480	-
Legal and consulting	89,000	117,867	117,867	-
Tri-town health district	127,700	127,700	127,700	-
Refuse and recycling	1,473,000	1,503,990	1,503,990	-
Liability insurance	55,650	53,993	53,993	-
Street lighting	95,000	100,532	100,532	-
Other	271,514	273,481	273,472	(9)
Total general government	<u>5,886,863</u>	<u>5,875,551</u>	<u>5,874,629</u>	<u>(922)</u>
PUBLIC SAFETY				
Police department	3,365,457	3,382,125	3,382,125	-
Public safety communications	396,967	401,241	401,241	-
Animal control officer	53,042	51,833	51,833	-
Public safety buildings	96,013	103,675	103,675	-
Fire department	576,972	568,515	568,515	-
Fire marshal	46,510	45,503	45,503	-
Civil preparedness	24,560	18,521	18,520	(1)
Emergency planning commission	29,416	27,547	27,547	-
Volunteer ambulance	438,219	437,528	437,371	(157)
Total public safety	<u>5,027,156</u>	<u>5,036,488</u>	<u>5,036,330</u>	<u>(158)</u>

(Continued)

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PUBLIC WORKS				
Highways and streets	\$ 2,091,389	\$ 2,097,240	\$ 2,085,727	\$ (11,513)
CULTURE AND RECREATION				
Parks and recreation	185,146	179,126	168,351	(10,775)
Library	501,945	500,555	488,417	(12,138)
Total culture and recreation	<u>687,091</u>	<u>679,681</u>	<u>656,768</u>	<u>(22,913)</u>
HEALTH AND WELFARE				
Commission on aging	137,770	142,246	142,246	-
Commission for handicapped	39,113	39,113	36,136	(2,977)
Total health and welfare	<u>176,883</u>	<u>181,359</u>	<u>178,382</u>	<u>(2,977)</u>
BOARD OF EDUCATION	<u>32,261,281</u>	<u>32,261,281</u>	<u>32,260,423</u>	<u>(858)</u>
DEBT SERVICE				
Principal	2,625,000	2,625,000	2,625,000	-
Interest	946,378	946,378	946,378	-
Capital leases	230,111	229,174	229,174	-
Total debt service	<u>3,801,489</u>	<u>3,800,552</u>	<u>3,800,552</u>	<u>-</u>
OTHER FINANCING USES				
Transfers out:				
Farmingbury Golf Course	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 49,977,152</u>	<u>\$ 49,977,152</u>	<u>\$ 49,937,811</u>	<u>\$ (39,341)</u>

See accompanying Independent Auditor's Report.

CAPITAL IMPROVEMENT FUND

TOWN OF WOLCOTT, CONNECTICUT
PROJECT STATUS SUMMARY
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Fund Balance June 30, 2013	Revenues			Expenditures			Fund Balance June 30, 2014
		Bond Proceeds	Investment Income	Other Income	General Government and Fiscal Charges	Capital Outlay	Transfers In (Out)	
Current Capital Bonding Projects								
Various Capital Projects - Phase III	\$ (7,833,348)	\$ 6,960,000	\$ -	\$ 190,905	\$ 161,590	\$ 3,769,238	\$ -	\$ (4,613,271)
Various Capital Projects - Phase IV	-	-	-	4,200	8,144	102,107	-	(106,051)
Other Capital Projects								
School Projects	115,320	-	3	-	-	-	(115,323)	-
Communication Center	55,210	-	12	-	-	-	(55,222)	-
BOE Physics Lab	11,742	-	-	-	21,311	-	9,569	-
Clinton Hill Waterline	11,385	-	3	-	-	-	(11,388)	-
Miscellaneous	2	-	3	-	-	-	(5)	-
BAW STEAP	(15)	-	-	15	-	-	-	-
Total	\$ (7,639,704)	\$ 6,960,000	\$ 21	\$ 195,120	\$ 191,045	\$ 3,871,345	\$ (172,369)	\$ (4,719,322)

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF WOLCOTT, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Nonmajor Special Revenue Funds									
	Farmingbury Hills Country Club Fund	Acquired Facilities Woodtrick Recreation Area	Miscellaneous Grants and Programs Fund	Police Department Asset Forfeiture Fund	Police Donations Fund	Sewer Usage Fund	Sewer Assessment Fund	Water Usage Fund		
ASSETS										
Cash and cash equivalents	\$ 9,499	\$ 101,871	\$ 33,789	\$ 4,000	\$ 7,205	\$ 674,330	\$ 190,897	\$ 320,121		
Receivables:										
Grants and contracts	-	-	44,888	-	-	-	-	-		
Assessments, net	-	-	-	-	-	-	18,861	-		
Usage fees, net	-	-	-	-	-	952,405	-	92,141		
Other	-	-	-	-	-	-	-	-		
Inventories	-	-	-	-	-	-	-	-		
Total assets	\$ 9,499	\$ 101,871	\$ 78,677	\$ 4,000	\$ 7,205	\$ 1,626,735	\$ 209,758	\$ 412,262		
LIABILITIES										
Accounts payable	\$ 25,139	\$ 3,640	\$ 114	\$ -	\$ -	\$ 384,344	\$ -	\$ 250,313		
Due to other funds	139,426	-	36,114	193	4,000	-	-	-		
Unearned revenue	-	-	25,762	-	-	-	-	-		
Total liabilities	164,565	3,640	61,990	193	4,000	384,344	-	250,313		
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - usage fees	-	-	-	-	-	288,133	-	79,348		
Unavailable revenue - assessments	-	-	-	-	-	-	18,861	-		
Total deferred inflows of resources	-	-	-	-	-	288,133	18,861	79,348		
FUND BALANCES (DEFICIT)										
Nonspendable	-	-	-	-	-	-	-	-		
Restricted	-	-	16,687	3,807	3,205	-	-	-		
Committed	-	98,231	-	-	-	954,258	190,897	82,601		
Unassigned	(155,066)	-	-	-	-	-	-	-		
Total fund balances (deficit)	(155,066)	98,231	16,687	3,807	3,205	954,258	190,897	82,601		
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 9,499	\$ 101,871	\$ 78,677	\$ 4,000	\$ 7,205	\$ 1,626,735	\$ 209,758	\$ 412,262		

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2014

	Nonmajor Special Revenue Funds						
	Education Special Grants and Programs Fund	School Lunch Fund	Peterson Park Fund	Planning and Zoning Fund	Open Space Fund	LOCIP Land Preservation Fund	Police Private Duty Fund
ASSETS							
Cash and cash equivalents	\$ 18,521	\$ 286,856	\$ 4,485	\$ 200,772	\$ 46,112	\$ 86,775	\$ 167,214
Receivables:							
Grants and contracts	-	53,964	-	-	-	-	-
Assessments, net	-	-	-	-	-	-	-
Usage fees, net	-	-	-	-	-	-	-
Other	11,383	1,226	-	2,300	-	588	7,452
Inventories	-	24,871	-	-	-	-	-
Total assets	<u>\$ 29,904</u>	<u>\$ 366,917</u>	<u>\$ 4,485</u>	<u>\$ 203,072</u>	<u>\$ 46,112</u>	<u>\$ 87,363</u>	<u>\$ 174,666</u>
LIABILITIES							
Accounts payable	\$ 10,911	\$ 139	\$ -	\$ -	\$ -	\$ -	\$ 1,716
Due to other funds	1,963	-	-	-	-	-	-
Unearned revenue	-	22,491	-	2,300	-	-	-
Total liabilities	<u>12,874</u>	<u>22,630</u>	<u>-</u>	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>1,716</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - usage fees	-	-	-	-	-	-	-
Unavailable revenue - assessments	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)							
Nonspendable	-	24,871	-	-	-	-	-
Restricted	17,030	11,978	-	-	46,112	87,363	-
Committed	-	-	4,485	200,772	-	-	172,950
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>17,030</u>	<u>344,287</u>	<u>4,485</u>	<u>200,772</u>	<u>46,112</u>	<u>87,363</u>	<u>172,950</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 29,904</u>	<u>\$ 366,917</u>	<u>\$ 4,485</u>	<u>\$ 203,072</u>	<u>\$ 46,112</u>	<u>\$ 87,363</u>	<u>\$ 174,666</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2014

	Nonmajor Special Revenue Funds							Total Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
	FHCC Monument/Plaque Donation Fund	Senior Center Fund	BOE Summer Studies Fund	BOE Latch Key Program Fund	Insurance Claims Fund	Fund	Fund			
ASSETS										
Cash and cash equivalents	\$ 31,081	\$ 4,272	\$ 39,139	\$ 76,436	\$ 2,361,750	\$ 119,256	\$ 2,481,006			
Receivables:										
Grants and contracts	-	-	-	-	100,582	-	100,582			
Assessments, net	-	-	-	-	18,861	-	18,861			
Usage fees, net	-	-	-	-	1,044,546	-	1,044,546			
Other	-	25	-	-	22,974	-	22,974			
Inventories	-	-	-	-	24,871	-	24,871			
Total assets	\$ 31,081	\$ 4,297	\$ 39,139	\$ 76,436	\$ 3,573,584	\$ 119,256	\$ 3,692,840			
LIABILITIES										
Accounts payable	-	-	-	-	690,942	-	690,942			
Due to other funds	-	-	-	-	181,696	-	181,696			
Unearned revenue	-	-	-	-	81,892	-	81,892			
Total liabilities	-	-	-	-	954,530	-	954,530			
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - usage fees	-	-	-	-	367,481	-	367,481			
Unavailable revenue - assessments	-	-	-	-	18,861	-	18,861			
Total deferred inflows of resources	-	-	-	-	386,342	-	386,342			
FUND BALANCES (DEFICIT)										
Nonspendable	-	-	-	-	24,871	-	24,871			
Restricted	-	-	-	-	188,344	-	188,344			
Committed	31,081	4,297	39,139	76,436	2,174,565	119,256	2,293,819			
Unassigned	-	-	-	-	(155,066)	-	(155,066)			
Total fund balances (deficit)	\$ 31,081	\$ 4,297	\$ 39,139	\$ 76,436	\$ 2,232,712	\$ 119,256	\$ 2,351,968			
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 31,081	\$ 4,297	\$ 39,139	\$ 76,436	\$ 3,573,584	\$ 119,256	\$ 3,692,840		(Continued)	

TOWN OF WOLCOTT, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds									
	Farmingbury Hills Country Club Fund	Acquired Facilities Woodtick Recreation Area	Miscellaneous Grants and Programs Fund	Police Department Asset Forfeiture Fund	Police Donations Fund	Sewer Usage Fund	Sewer Assessment Fund	Water Usage Fund		
REVENUES										
Intergovernmental	\$ -	\$ -	\$ 290,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	487,649	99,742	-	-	-	797,251	-	336,596	-	-
Licenses, permits, and other charges	-	-	-	-	-	-	-	-	-	-
Interest income	3	3	13	-	-	969	12	7	-	-
Other revenue	-	-	4,436	19,810	5,968	-	-	-	-	-
Total revenues	487,652	99,745	295,194	19,810	5,968	798,220	12	336,603	-	-
EXPENDITURES										
Current:										
General government	-	-	89,027	-	-	-	-	-	-	-
Public safety	-	-	3,506	19,124	14,189	-	-	-	-	-
Public works	-	-	31,145	-	-	831,183	-	338,014	-	-
Culture and recreation	484,454	96,068	-	-	-	-	-	-	-	-
Health and welfare	-	-	168,482	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Capital outlays	120,301	-	-	-	-	-	-	-	-	-
Debt service:										
Principal payments	23,335	-	-	-	-	168,621	-	-	-	-
Interest and fiscal charges	1,796	-	-	-	-	21,173	-	-	-	-
Total expenditures	629,886	96,068	292,160	19,124	14,189	1,020,977	-	338,014	-	-
Excess (deficiency) of revenues over expenditures	(142,234)	3,677	3,034	686	(8,221)	(222,757)	12	(1,411)	-	-
OTHER FINANCING SOURCES (USES)										
Proceeds from issuance of capital lease obligation	120,301	-	-	-	-	-	-	-	-	-
Transfers in	45,000	-	-	-	-	-	-	-	-	-
Transfers out	(82,376)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	82,925	-	-	-	-	-	-	-	-	-
Net change in fund balances	(59,309)	3,677	3,034	686	(8,221)	(222,757)	12	(1,411)	-	-
Fund balances (deficit) - beginning	(95,757)	94,554	13,653	3,121	11,426	1,177,015	190,885	84,012	-	-
Fund balances (deficit) - ending	\$ (155,066)	\$ 98,231	\$ 16,687	\$ 3,807	\$ 3,205	\$ 954,258	\$ 190,897	\$ 82,601	-	-

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds							
	Dog Fund	Education Special Grants and Programs Fund	School Lunch Fund	Peterson Park Fund	Planning and Zoning Fund	Open Space Fund	LOCIP Land Preservation Fund	Police Private Duty Fund
REVENUES								
Intergovernmental	\$ -	\$ 1,005,626	\$ 385,317	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	26,626	-	754,278	-	-	-	-	216,545
Licenses, permits, and other charges	-	-	-	-	-	-	6,726	-
Interest income	-	-	701	2	13	56	-	-
Other revenue	22,022	11,777	-	544	-	-	-	-
Total revenues	48,648	1,017,403	1,140,296	546	13	56	6,726	216,545
EXPENDITURES								
Current:								
General government	-	-	-	-	-	5,000	-	-
Public safety	-	-	-	-	-	-	-	182,554
Public works	-	-	-	-	-	-	-	-
Culture and recreation	39,930	-	-	101	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Education	-	1,018,085	1,164,481	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Debt service:								
Principal payments	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	39,930	1,018,085	1,164,481	101	-	5,000	-	182,554
Excess (deficiency) of revenues over expenditures	8,718	(682)	(24,185)	445	13	(4,944)	6,726	33,991
OTHER FINANCING SOURCES (USES)								
Proceeds from issuance of capital lease obligations	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	8,718	(682)	(24,185)	445	13	(4,944)	6,726	33,991
Fund balances (deficit) - beginning	8,312	12,660	368,472	4,040	200,759	51,056	80,637	138,959
Fund balances (deficit) - ending	\$ 17,030	\$ 11,978	\$ 344,287	\$ 4,485	\$ 200,772	\$ 46,112	\$ 87,363	\$ 172,950

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds						Total Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
	Insurance Claims Fund	FHCC Monument/Plaque Donation Fund	Senior Center Fund	BOE Summer Studies Fund	BOE Latch Key Program Fund	Nonrecurring Fund			
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,681,688	\$ -	\$ 1,681,688	
Charges for services	-	-	-	50,750	307,512	3,076,949	-	3,076,949	
Licenses, permits, and other charges	-	-	-	-	-	6,726	-	6,726	
Interest income	-	-	-	12	51	1,842	304	2,146	
Other revenue	76,488	200	1,445	-	-	142,690	-	142,690	
Total revenues	76,488	200	1,445	50,762	307,563	4,909,895	304	4,910,199	
EXPENDITURES									
Current:									
General government	8,000	-	-	-	-	102,027	-	102,027	
Public safety	49,102	-	-	-	-	268,475	-	268,475	
Public works	20,820	-	-	-	-	1,221,162	-	1,221,162	
Culture and recreation	-	-	-	46,641	-	667,194	-	667,194	
Health and welfare	-	-	220	-	-	168,702	-	168,702	
Education	-	-	-	-	359,799	2,542,365	-	2,542,365	
Capital outlays	-	-	-	-	-	120,301	243,312	363,613	
Debt service:									
Principal payments	-	-	-	-	-	191,956	-	191,956	
Interest and fiscal charges	-	-	-	-	-	22,969	-	22,969	
Total expenditures	77,922	-	220	46,641	359,799	5,305,151	243,312	5,548,463	
Excess (deficiency) of revenues over expenditures	(1,434)	200	1,225	4,121	(52,236)	(395,256)	(243,008)	(638,264)	
OTHER FINANCING SOURCES (USES)									
Proceeds from issuance of capital lease obligations	-	-	-	-	-	120,301	-	120,301	
Transfers in	-	-	-	-	-	45,000	-	45,000	
Transfers out	-	-	-	-	-	(82,376)	-	(82,376)	
Total other financing sources (uses)	-	-	-	-	-	82,925	-	82,925	
Net change in fund balances	(1,434)	200	1,225	4,121	(52,236)	(312,331)	(243,008)	(555,339)	
Fund balances (deficit) - beginning	32,515	1,962	3,072	35,018	128,672	2,545,043	362,264	2,907,307	
Fund balances (deficit) - ending	\$ 31,081	\$ 2,162	\$ 4,297	\$ 39,139	\$ 76,436	\$ 2,232,712	\$ 119,256	\$ 2,351,968	

(Continued)

FIDUCIARY FUNDS

TOWN OF WOLCOTT, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2014

	Town General Pension Trust Fund	Board of Education Pension Trust Fund	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 921,177	\$ -	\$ 921,177
Investments, at fair value:			
Guaranteed annuity contracts	-	10,784,402	10,784,402
Equity mutual funds	13,437,353	-	13,437,353
Bond mutual funds	2,261,785	-	2,261,785
Contributions receivable:			
Employer	-	582,934	582,934
Plan members	104,255	-	104,255
Total assets	<u>16,724,570</u>	<u>11,367,336</u>	<u>28,091,906</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 16,724,570</u>	<u>\$ 11,367,336</u>	<u>\$ 28,091,906</u>

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Town General Pension Trust Fund	Board of Education Pension Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 1,025,000	\$ 582,934	\$ 1,607,934
Plan members	104,255	-	104,255
Total contributions	<u>1,129,255</u>	<u>582,934</u>	<u>1,712,189</u>
Investment earnings:			
Net increase in the fair value of investments	2,548,563	1,215,321	3,763,884
Interest and dividends	288,540	243,062	531,602
Total investment earnings	<u>2,837,103</u>	<u>1,458,383</u>	<u>4,295,486</u>
Less investment fee expense	84,776	36,507	121,283
Net increase in investments	<u>2,752,327</u>	<u>1,421,876</u>	<u>4,174,203</u>
Total additions	<u>3,881,582</u>	<u>2,004,810</u>	<u>5,886,392</u>
DEDUCTIONS			
Benefit payments	981,367	670,184	1,651,551
Administrative expenses	37,036	20,998	58,034
Total deductions	<u>1,018,403</u>	<u>691,182</u>	<u>1,709,585</u>
Change in net position	2,863,179	1,313,628	4,176,807
Net position - beginning, as originally reported	13,861,391	9,496,251	23,357,642
Adjustment (<i>See Note N</i>)	-	557,457	557,457
Net position - beginning, as restated	<u>13,861,391</u>	<u>10,053,708</u>	<u>23,915,099</u>
Net position - ending	<u>\$ 16,724,570</u>	<u>\$ 11,367,336</u>	<u>\$ 28,091,906</u>

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

	<u>Student Activities</u>	<u>Performance Bonds</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 149,885	\$ 218,182	\$ 368,067
Total assets	<u>\$ 149,885</u>	<u>\$ 218,182</u>	<u>\$ 368,067</u>
LIABILITIES			
Due to student groups	\$ 149,885	\$ -	\$ 149,885
Due to others	-	218,182	218,182
Total liabilities	<u>\$ 149,885</u>	<u>\$ 218,182</u>	<u>\$ 368,067</u>

See accompanying Independent Auditor's Report

TOWN OF WOLCOTT, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance, July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2014</u>
Student Activities				
Assets				
Cash and cash equivalents	\$ 133,899	\$ 685,046	\$ 669,060	\$ 149,885
Total assets	<u>\$ 133,899</u>	<u>\$ 685,046</u>	<u>\$ 669,060</u>	<u>\$ 149,885</u>
Liabilities				
Due to student groups	\$ 133,899	\$ 685,046	\$ 669,060	\$ 149,885
Total liabilities	<u>\$ 133,899</u>	<u>\$ 685,046</u>	<u>\$ 669,060</u>	<u>\$ 149,885</u>
Performance Bonds				
Assets				
Cash and cash equivalents	\$ 232,845	\$ 68,746	\$ 83,409	\$ 218,182
Due from other funds	14,000	-	14,000	-
Total assets	<u>\$ 246,845</u>	<u>\$ 68,746</u>	<u>\$ 97,409</u>	<u>\$ 218,182</u>
Liabilities				
Due to others	\$ 246,845	\$ 68,746	\$ 97,409	\$ 218,182
Total liabilities	<u>\$ 246,845</u>	<u>\$ 68,746</u>	<u>\$ 97,409</u>	<u>\$ 218,182</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 366,744	\$ 753,792	\$ 752,469	\$ 368,067
Due from other funds	14,000	-	14,000	-
Total assets	<u>\$ 380,744</u>	<u>\$ 753,792</u>	<u>\$ 766,469</u>	<u>\$ 368,067</u>
Liabilities				
Due to student groups	\$ 133,899	\$ 685,046	\$ 669,060	\$ 149,885
Due to others	246,845	68,746	97,409	218,182
Total liabilities	<u>\$ 380,744</u>	<u>\$ 753,792</u>	<u>\$ 766,469</u>	<u>\$ 368,067</u>

See accompanying Independent Auditor's Report.