

WOLCOTT TOWN COUNCIL

Regular Meeting

Tuesday, November 16, 2010

Council Chambers, Wolcott Town Hall

7:30 p.m.

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MINUTES

Note: These are summary minutes; a tape recording of this meeting is on file in Commission Secretary's Office in Wolcott Town Hall.

Chairman Santogatta called the Regular Meeting to order at 7:30 p.m. with the Pledge of Allegiance, and attendance was taken.

MEMBERS PRESENT: Chairman Michael Santogatta, Vice-Chairman Steven Olmstead, Michael Bokon, David Valletta, Michael Perrone, Gale Mastrofrancesco, Francis Masi, and Charles Marsella

MEMBERS ABSENT: None

ALSO PRESENT: Mayor Thomas Dunn; Linda Bruce, Municipal Finance Officer; Vanessa Rossitto, Engagement Partner, Blum, Shapiro & Co., P.C.; Joe Oumiet, Animal Control Officer; Erin Ward, Miss Outstanding Teen 2010; Taxpayer: Steven Bosco; et al.

PRESENTATION OF COMMUNITY SERVICE AWARD TO ERIN WARD:

Erin Ward and Joe Oumiet came forward, at which time Mr. Oumiet stated that when Erin became Wolcott's Miss Outstanding Teen she chose the rebuilding of the Animal Rescue Foundation (A.R.F.) as her platform. Mr. Oumiet described many of the fundraising activities that she organized and noted that she has raised over \$25,000.00 so far.

Chairman Santogatta next stated that in addition, he spoke with the Superintendent of Schools who advised him that Erin is a junior at Wolcott High School and currently ranked number 10 out of her class of 219; she is in the top 5% of her class, and is currently enrolled in AP classes. Chairman Santogatta next presented her a Community Service award from the Town Council.

APPROVAL OF MINUTES:

▪ Regular Meeting – October 19, 2010

Upon **MOTION** by Francis Masi, seconded by David Valletta, it was unanimously voted to **approve** the minutes of the Regular Meeting held on October 19, 2010, with one abstention from Mrs. Mastrofrancesco.

TAXPAYERS' TIME: (Limited to Items on the Agenda)

No taxpayers came forward.

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CORRESPONDENCE (on file):

1. Finance Office Transfer, submitted by Linda Bruce
2. Resolution from the State of CT-Dept. of Transportation for a Wheelchair Accessible Motor Vehicle (Senior Bus) (agreement attached)
3. Letter dated November 4th to Congressman Murphy regarding his re-election to the United States Congress
4. Letter dated November 4th to Joseph Markley regarding his election to the Connecticut State Senate
5. Letter dated November 9th to Rob Sampson regarding his election to the Connecticut State House
6. Letter dated November 9th to Kimberly Lindstrom, Frisbie PTA President, regarding the land acquisition that was approved at referendum
7. Board of Education Year to Date Budget Report dated 10-29-10
8. Town of Wolcott Expenditure Report, Revenue Report, & Trial Balance, for month ending 10-31-10
9. Audited Financial Statements, Report on Federal & State Financial Assistance, and Audit Communication Letter for Fiscal Year Ended June 30, 2010 (previously mailed under separate cover on 11/9/10)
10. Copy of the 2011 Wolcott Town Council Regular Meeting Schedule filed with the Town Clerk, as required
11. Letter dated November 10th from Robert Larson, Chairman, Farmingbury Hills Golf Course Commission, regarding the rate structure of fees for the 2010-2011 golf season
12. Letter received November 15th from Attorney Roger Harbanuk regarding the Segment of Old Boundline Road (Unimproved) from Central Avenue to Woodtick Road (letter from Attorney Joseph Yamin attached)
13. Letter received November 16th from Randy Petroniro regarding his resignation from the Town Council, effective immediately
14. Copy of letter dated November 16th to Mayor Dunn from Darcie Najarian expressing interest in serving on the Civilian Police Review Board
15. Letter dated November 16th from Town Attorney Brian Tynan, regarding the current vacancy on the Town Council

MAYOR'S REPORT:

Mayor Dunn came forward and reported the following:

- Bids were opened for electricity; they did very well and signed into a six month contract with their current supplier, Constellation NewEnergy; old rate was 0.10256, new rate is lower at 0.06970;
- New recycling system will be starting soon; everything will be going into one container;
- Frisbie Circle of Lights starts on November 27th at 5:00 p.m.; they will be collecting canned goods;

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- Senior Center will be cooking meals on Thanksgiving Day starting at noon;
 - Town fleet is ready for winter;
 - Detailed update on Tosun Road Project;
 - Detailed update on Long Swamp Road Project

FINANCE OFFICER'S REPORT/TRANSFERS:

Linda Bruce came forward and noted that Vanessa Rossitto, from Blum, Shapiro & Co. is here this evening to present the audit report for Fiscal Year ended June 30, 2010.

She next stated that she submitted one transfer for approval this evening.

Upon **MOTION**, by David Valletta, seconded by Francis Masi, it was unanimously voted to **approve** the following transfer; to 01-1-167-8-8220 Election Expense, \$5,989.20 from 01-1-167-5-5105 Ballots, Election \$5,934.50 and also from 01-1-167-8-8221 Primary Expense \$54.70 (**see attached**).

SUB-COMMITTEE AND LIAISON REPORTS:

Sub-Committee for the Review of Ordinances: Mr. Valletta reported that he would like the proposed blight ordinance placed on the next agenda and advised that he will submit it to the Secretary soon.

Board of Education: Mrs. Mastrofrancesco reported that the Board of Education and the Teacher's Union settled their contract; she will give more details in Executive Session.

Sub-Committee for the Mayor's Back Tax Collection: Vice-Chairman Olmstead reported that they met earlier this evening. They need to place some issues with certain properties on the next agenda so that they can be resolved.

UNFINISHED BUSINESS:

There was no unfinished business.

NEW BUSINESS:

- **Resolution: State of CT – Department of Transportation Wheelchair Accessible Motor Vehicle (Senior Bus)**

Upon **MOTION**, by Steven Olmstead, seconded by Francis Masi, it was unanimously voted to **adopt** the following resolution; RESOLUTION BE IT RESOLVED that the Town Council authorizes the Hon. Thomas Dunn, Mayor, to sign and execute Agreements and Contracts, along with all necessary

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Agreement/Contract documents, on behalf of the Town of Wolcott with the Department of Transportation of the State of Connecticut **(see attached)**.

- **Blum, Shapiro, & Company, P.C. – Presentation of Fiscal Year 2009-2010 Audit Report**

Vanessa Rossitto, Linda Bruce, and Mayor Dunn came forward, at which time Ms. Rossitto stated that she will review the audit report for year ended June 30, 2010, which consists of three reports; the audited financial statements themselves, the State Single Audit Report, and the Federal Single Audit Report **(full report on file)**.

Ms. Rossitto advised that they issued a clean opinion to the Town of Wolcott which basically means that the financial statements are stated correctly. She noted that this is the highest form of opinion that can be received **(see attached)**.

Ms. Rossitto next referenced the financial statements, pages 3-10, 'Management's Discussion & Analysis', and advised that this was written by Linda Bruce, the Municipal Finance Officer. She advised that this is a good summary of the entire document; it describes what has transpired from last year to this year in all of the major funds, on a fund basis and on a budgetary basis **(see attached)**.

Ms. Rossitto next reviewed the various financial statements contained within the audit report, in detail, and described what each one depicts **(see attached)**. Ms. Rossitto referenced page 13, 'Governmental Funds' and stated that she thinks this is one of the most important parts of the statement. She pointed out that the General Fund has a fund balance of \$1.993 million, of which \$1.903 million is unreserved; this is an increase of about \$377,000.00, which is good news. The Capital Improvements fund balance is negative right now because there is a short term note payable in that fund; after year end the Town issued bonds, long term, so that deficit will go away. The Water Assessments Fund has a fund balance of \$1.5 million, which has increased about \$235,000.00 since last year, which is also good news.

Chairman Santogatta stated that the increase in the undesignated reserve by \$377,000.00 is due to a surplus that was generated from the FY 2009-2010 budget. Ms. Rossitto noted that he is correct. A brief discussion ensued regarding the budget process.

Ms. Rossitto next referenced page 47, and advised that this depicts the General Fund's Budget and Actual Statement of Revenue and Expenditures, and reviewed the highlights. Chairman Santogatta pointed out the Ambulance Service Fees; they budgeted \$210,000.00, but realized only \$100,000.00. He noted that he will discuss with the rest of the Council later. He noted that this is

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an important page, as it shows everything that was budgeted and everything that actually came in.

Ms. Rossitto next referenced page 17, the Internal Service Fund, and noted that it is going in the right direction. She next referenced page 18, and noted that the net assets increased from \$86,000.00 to \$1.73 million, which is great news. The Pension Fund, on pages 20 and 21 has total assets of \$18.3 million which is an increase from the prior year of \$1.3 million, which is also going in the right direction. Detailed discussions were held with respect to the funding of pension and medical obligations. Mrs. Bruce gave a detailed explanation of what was funded last year and this year. Discussions were also held with respect to OPEB (other postemployment benefits), the fund balance, and the Town's bond rating.

Ms. Rossitto next referenced the federal and state single audit reports and advised that because the town receives both federal and state grants, they are required to report on them and test certain grants. They have issued a clean opinion on compliance on both the federal and state grants and on internal control. Lastly, she noted that there was no management letter but she would like to mention one thing. They are speaking with all of their governmental clients about. Their consulting department has started to do work with municipalities with respect to fraud risk assessment or risk assessment of different departments; it is a service that they are developing for their clients

Chairman Santogatta commented that it is a great audit report; it is very concise. It is a clean report and all involved should be commended for that.

ITEMS FOR NEXT AGENDA:

- Request from Mayor Dunn: Appointments to the Civilian Police Review Board

Chairman Santogatta advised to contact himself or the Clerk if anyone has any items.

TAXPAYERS' TIME:

1. **Steven Bosco, of 37 Richard Avenue**, came forward and began by stating that he was recently served a warrant for failure to pay his real estate taxes for the past three years totaling \$19,000.00. Mr. Bosco next proceeded to give a lengthy history of a business that he was involved with and stated that nothing was done for seven years of non payment of tax because of a personal relationship between someone else involved in that business and the Tax Collector. He insinuated that taxes are not collected fairly and demanded that the Town Council investigate this issue.

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Chairman Santogatta requested that Mr. Bosco submit something to them in writing, at which time Mr. Bosco stated that he would not do that.

Mr. Bosco continued with accusations of wrong doing by a Councilman who recently resigned and by a former Chairman of the Sewer & Water Commission.

Chairman Santogatta advised Mr. Bosco that personal attacks are not appropriate and again stated that Mr. Bosco can put something in writing to them. Mr. Bosco continued, at which time Chairman Santogatta requested that he leave the meeting.

EXECUTIVE SESSION:

Upon **MOTION** by Gale Mastrofrancesco, seconded by Michael Perrone, it was unanimously voted to take a five minute recess at 8:29 p.m. and then **enter** into Executive Session for the purpose of discussing, Public Safety and a Negotiations Update, inviting Police Chief Neil O'Leary and Mayor Dunn.

Chairman Santogatta called the regular session back to order at 9:57 p.m.

ADJOURNMENT:

Upon **MOTION**, Charles Marsella, seconded by Michael Perrone, it was unanimously voted to **adjourn** the regular meeting at 9:58 p.m.

APPROVED:

Elizabeth Gaudiosi, Secretary
WOLCOTT TOWN COUNCIL

Michael J. Santogatta, Chairman
WOLCOTT TOWN COUNCIL

Randy Petroniro
114 Harrison Drive
Wolcott, Connecticut 06716

RECEIVED
8:15 a.m.
11-16-10
Dorcas C. Heater
TOWN CLERK
WOLCOTT, CONN.

VIA HAND DELIVERY
AND REGULAR MAIL

November 15, 2010

Michael Santogatta
Chairman
Wolcott Town Council
10 Kenea Avenue
Wolcott, CT 06716

RECEIVED
11-16-10
E.G.

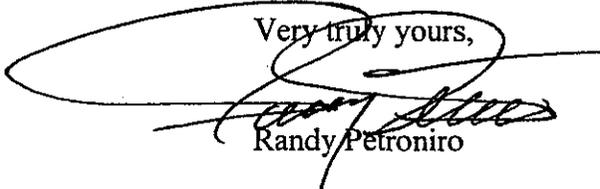
Re: Resignation from Town Council

Dear Chairman,

Please consider this letter my resignation, effective immediately, from the Wolcott Town Council. While unfortunate because I truly enjoy serving the people of Wolcott, I feel I have no choice but to resign.

As you may be aware, a newspaper article in the Waterbury Republican and American from this past Sunday suggested that Wolcott Town Ordinance No. 89 precludes Musco Propane, LLP's lawsuits against the Town of Wolcott and others arising out of certain zoning and other acts and omissions of the defendants. Our review of the subject ordinance and applicable State and Federal law demonstrates that Ordinance No. 89 is wholly inapplicable to Musco Propane, LLP's lawsuits. Notwithstanding the above, in order to focus on my company's business in these precarious economic times and to avoid any appearance of impropriety or further argument over Ordinance No. 89, I hereby resign from the Town Council.

Very truly yours,


Randy Petroniro



TOWN OF WOLCOTT

TOWN HALL • 10 Kenea Avenue
Wolcott, Connecticut 06716
Tel. (203) 879-8100 • Fax: (203) 879-8105

November 10, 2010

Michael J. Santogatta, Chairman
Wolcott Town Council
10 Kenea Avenue
Wolcott, CT 06716

RE: TRANSFERS WITHIN / BETWEEN DEPARTMENTS

Dear Mr. Santogatta:

In accordance with the provisions of the Wolcott Town Charter, I am hereby notifying you of the following transfers contained in Schedule A (Fund 01), which is attached hereto and made a part hereof.

If you have any questions, please feel free to contact me.

Sincerely,

Linda R. Bruce
Municipal Finance Officer

LRB/jes
Enclosure

MAYOR'S ACTION:
DATE: November 10, 2010

APPROVED BY:

Thomas G. Dunn, Mayor
Town of Wolcott

COUNCIL'S ACTION:
DATE: November 16, 2010

APPROVED BY:

Chairman, Wolcott Town Council

SCHEDULE A
TRANSFERS WITHIN / BETWEEN DEPARTMENTS - FUND 01
2010-2011 FISCAL YEAR - FOR REVIEW ON NOVEMBER 16, 2010

<u>DEPARTMENT</u>	<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>DEBIT</u>	<u>CREDIT</u>
167 - REGISTRAR OF VOTERS				
	TO 01-1-167-8-8220	ELECTION EXPENSE		5,989.20
	FROM 01-1-167-5-5105	BALLOTS, ELECTION		5,934.50
	01-1-167-8-8221	PRIMARY EXPENSE		54.70

Reason: To pay for re-canvas expenses.

TOWN of WOLCOTT

REQUEST FOR TRANSFER

DATE: 11/10/10 *PN SDS*

REQUESTOR: Pat Najarian / Sylvia Sheron

DEPT 167

The following budget transfer(s) is requested:

	<u>ACCOUNT NUMBER</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
TO	<u>01-1-167-8-8220</u>	<u>ELECTION EXPENSE</u>	<u>5,989.20</u>
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
FROM	<u>01-1-167-5-5105</u>	<u>BALLOTS, ELECTION</u>	<u>5,934.50</u>
	<u>01-1-167-8-8221</u>	<u>PRIMARY EXPENSE</u>	<u>54.70</u>
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

**ALL REQUESTS FOR TRANSFERS MUST BE PRESENTED TO THE
TOWN COUNCIL FOR APPROVAL - PLEASE ENSURE
THAT ALL INFORMATION IS COMPLETE & ACCURATE**

The reasons the "to" account(s) are exhausted:

The balance of the account will not cover the expenses of the re-canvas.

Transfer is needed for:

Pay for the re-canvas expenses.

The effect on the "from" account(s):

There is a sufficient balance in the account to permit a transfer.

APPROVAL *L.R. Bruce*.....

FINANCE OFFICE USE

DATE: 11/10/2010.....

329

RESOLUTION

STATE OF CONNECTICUT)

SS: Town of Wolcott

Town Clerks Office

COUNTY OF NEW HAVEN)

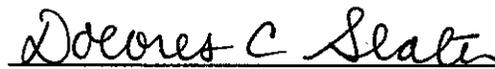
BE IT RESOLVED that I, Dolores C. Slater, the Town Clerk, of the Town of Wolcott, hereby certifies that the following is a full and true copy of the Resolution adopted at a meeting of the Town Council of the Town of Wolcott, a municipality organized under the laws of the State of Connecticut, duly held on the 16th day of November 2010.

BE IT RESOLVED that the Town Council authorizes the Hon. Thomas Dunn, Mayor, to sign and execute Agreements and Contracts, along with all necessary Agreement/Contract documents, on behalf of the Town of Wolcott with the Department of Transportation of the State of Connecticut.

Also, I do further certify that the above noted Resolution has not been in any way altered, amended or repealed, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the municipal seal of said municipality this 22nd day of November, 2010.

TOWN OF WOLCOTT, CONNECTICUT
OFFICE OF THE TOWN CLERK


Dolores C. Slater, Town Clerk

I, Dolores C. Slater, Town Clerk of the Town of Wolcott,
Certify that the Resolution noted above is still in full force and
effect as of this 22nd day of November, 2010.

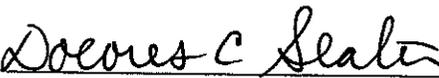
INCUMBENCY CERTIFICATE

The undersigned, Dolores C. Slater, Town Clerk, being the duly appointed and incumbent Certifying Official of the Town of Wolcott, does hereby certify that at all times since the 4th Day of November, 2003, that Hon. Thomas Dunn, Mayor, has been the duly elected and incumbent for the Town of Wolcott, and continues to have the authority to sign and execute all Agreements/Contracts and all pertaining Agreement/Contract documents and forms. A true and correct specimen, of his signature, is set forth in the space below:

Signature: 
HON. THOMAS DUNN

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Town of Wolcott on this 22nd day of November, 2010.

TOWN OF WOLCOTT, CONNECTICUT
OFFICE OF THE TOWN CLERK


Dolores C. Slater, Town Clerk

BlumShapiro

Accounting | Tax | Business Consulting

To the Town Council
Town of Wolcott, Connecticut

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wolcott, Connecticut, for the year ended June 30, 2010 and have issued our report thereon dated November 5, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities Under Auditing Standards Generally Accepted in the United States of America, OMB Circular A-133 and the State Single Audit Act

As stated in our engagement letter dated May 6, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the Town of Wolcott, Connecticut's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and not to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Act.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of obtaining reasonable assurance about whether the Town of Wolcott, Connecticut's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133 and the State Single Audit Act, we examined, on a test basis, evidence about the Town of Wolcott, Connecticut's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* applicable to each of its major federal programs, and the compliance requirements described in the Compliance Supplement to the State Single Audit Act applicable to each of its major state programs for the purpose of expressing an opinion on the

Town of Wolcott, Connecticut's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Town of Wolcott, Connecticut's compliance with those requirements.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Other Information in Documents Containing Audited Financial Statements

Management may include the audited financial statements in an official statement for the sale of debt and/or other documents such as an annual report. Our responsibility for the other information in these documents containing the Town of Wolcott, Connecticut's financial statements does not extend beyond the financial information identified in this report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. We have not performed any additional procedures with respect to these documents.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 24, 2010.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Town of Wolcott, Connecticut, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town of Wolcott, Connecticut, during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were as follows:

Management's estimate of the useful lives of general government capital assets, management's estimate of active employees likely to vest for payment of accrued unused absences upon retirement, management's estimate of the life expectancies for heart and hypertension spousal beneficiaries and management's estimate of allowances for doubtful collections on property taxes, water and sewer assessments and user fee receivables. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Independence

There are no relationships between any of our representatives and the Town of Wolcott, Connecticut, that in our professional judgment may reasonably be thought to bear on our independence.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 5, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Wolcott, Connecticut's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Wolcott, Connecticut's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

This information is intended solely for the use of the Town Council and management of the Town of Wolcott, Connecticut, and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

November 5, 2010

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Town Council
Town of Wolcott, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wolcott, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Town of Wolcott, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wolcott, Connecticut, as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2010 on our consideration of the Town of Wolcott, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 10, and the budgetary comparison information on pages 47 through 50, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Blum, Shapiro & Company, P.C.

November 5, 2010

**TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

This discussion and analysis of the Town of Wolcott, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the Fiscal Year ended June 30, 2010. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

Financial Highlights

- Net assets of our governmental activities decreased by \$275,810 or .48%.
- During the year, the Town had expenses that were \$275,810 more than the \$55,204,067 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$55,479,877 with no new programs added this year.
- The General Fund reported a fund balance this year of \$1,993,364. The undesignated Fund Balance increased by \$377,325 from \$1,526,551 to \$1,903,876.
- The resources available for appropriation were \$1,953,622 less than budgeted for the General Fund. This revenue shortfall was offset by \$1,931,594 of Federal Stimulus dollars passed through by the State of Connecticut directly to the Town's Board of Education. Expenditures were under spent by \$2,330,947, thereby contributing to the \$377,325 increase to the General Fund undesignated fund balance.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by Charter. However, the Town Council establishes many other funds to help control and manage financial activities for particular purposes (like the Sewer Usage Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received for education from the state and federal governments). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

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

Government-Wide Financial Analysis

The Town's combined net assets decreased from a year ago, decreasing from \$57,133,512 to \$56,857,702. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

	Governmental Activities	
	2010	2009
Current and other assets	\$ 26,889,044	\$ 26,537,800
Capital assets, net of accumulated depreciation	75,604,970	76,946,782
Total assets	<u>102,494,014</u>	<u>103,484,582</u>
Long-term liabilities outstanding	36,570,071	38,459,391
Other liabilities	9,066,241	7,891,679
Total liabilities	<u>45,636,312</u>	<u>46,351,070</u>
Net Assets:		
Invested in capital assets, net of related debt	41,386,242	44,475,262
Unrestricted	<u>15,471,460</u>	<u>12,658,250</u>
Total Net Assets	<u>\$ 56,857,702</u>	<u>\$ 57,133,512</u>

Net assets of the Town's governmental activities decreased \$275,810, a .48% decrease (\$56,857,702 compared to \$57,133,512). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$2,813,210 from \$12,658,250 at June 30, 2009 to \$15,471,460 at the end of this year.

**TABLE 2
CHANGE IN NET ASSETS**

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 3,571,567	\$ 3,725,248
Operating grants and contributions	19,258,795	18,770,792
Capital grants and contributions	360,036	1,920,019
General revenues:		
Property taxes	31,303,773	31,061,791
Grants and contributions not restricted to specific purposes	601,251	631,583
Unrestricted investment earnings	46,872	184,513
Other general revenues	61,773	89,702
Total revenues	55,204,067	56,383,648
Expenses:		
General government	6,502,208	6,949,212
Public safety	4,998,920	4,261,979
Public works	3,772,717	4,919,934
Health and welfare	296,206	217,957
Culture and recreation	982,137	1,273,290
Education	37,560,221	38,518,129
Interest on long-term debt	1,367,468	1,542,605
Total expenses	55,479,877	57,683,106
Decrease in Net Assets	\$ (275,810)	\$ (1,299,458)

The Town's total revenues were \$55,204,067. The total cost of all programs and services was \$55,479,877. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

Total revenues realized by the Town were \$55,204,067 for the 2010 Fiscal Year, a decrease of \$1,179,581 or 2.1% from last year. Capital grants and contributions decreased due to the one time revenue received for a water line project and a new housing rehabilitation loan in the prior Fiscal Year. Property taxes increased as a result of collections for prior year levies.

Table 3 presents the cost of each of the Town's five largest programs - general government, public safety, public works, culture and recreation, and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
General government	\$ 6,502,208	\$ 6,949,212	\$ 6,124,198	\$ 6,558,736
Public safety	4,998,920	4,261,979	4,758,346	3,989,222
Public works	3,772,717	4,919,934	2,310,717	2,135,266
Culture and recreation	982,137	1,273,290	286,599	597,522
Education	37,560,221	38,518,129	17,379,321	18,281,973
All others	1,663,674	1,760,562	1,430,298	1,704,328
Total	\$ 55,479,877	\$ 57,683,106	\$ 32,289,479	\$ 33,267,047

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$2,574,316, representing a decrease of \$277,423 from last year's total of \$2,851,739. Included in this year's total change in fund balance is a decrease of \$929,890 in the Town's Capital Improvement Fund resulting from the use of bond anticipation note proceeds. The bond anticipation note proceeds are recorded as a current liability in the Capital Improvement Fund. Proceeds from the related bond authorizations will be realized when the bond anticipation notes are permanently financed in Fiscal Year 2010/2011.

Also included in this year's total change in fund balance is an increase of \$263,392 in the Town's General Fund and a combined increase of \$389,075 in the Water Assessment Fund and Nonmajor Governmental Funds. The Town's earned revenues were below budgeted estimates by \$1,953,622 as reflected in RSI-1. This budgetary shortfall was offset by reported expenditures that were \$2,330,947 less than budgeted for as reflected in RSI-2. The General Fund's \$2,330,947 favorable variance when compared with budgetary expenditure estimates is attributable to favorable variances spread throughout the Town's departmental budgets.

The Town's General Fund balance of \$1,993,364 reported on Exhibit III differs from the General Fund's budgetary fund balance of \$1,903,876. This is because the budgetary fund balance includes \$89,488 of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes. The General Fund's undesignated fund balance increased from \$1,526,551 at June 30, 2009 to \$1,903,876 at June 30, 2010 for an increase of \$377,325. The General Fund's total fund balance of \$1,993,364 represents 4.3% of the General Fund's expenditures and other financing uses incurred during the year as compared with 3.5% at the end of the prior fiscal year.

Proprietary Funds

The Town's Internal Service Fund accounts for the charges to other units of the Town and employees to fund the self-insured medical plan of the Town, including the Board of Education. The risk management claim estimated liability for incurred but not reported claims at June 30, 2010 is \$436,535. The fund's unrestricted net assets increased by \$1,087,147 from \$86,660 to \$1,173,807 during the year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2010 the Town had \$75,604,970 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines (see Table 4). This amount represents a net decrease (including additions, deductions and depreciation) of \$1,341,812 over last year.

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

	Governmental Activities	
	2010	2009
Land	\$ 3,533,226	\$ 3,533,226
Land improvements	1,789,143	1,302,136
Buildings	35,439,668	36,443,425
Vehicles, machinery and equipment	7,046,986	3,445,978
Infrastructure	25,469,384	25,830,979
Construction in progress	2,326,563	6,391,038
Total	<u>\$ 75,604,970</u>	<u>\$ 76,946,782</u>

The Town's communication center was completed, which accounted for the majority of the additions to Vehicles, Machinery and Equipment and the reduction to Construction in Progress.

Major capital expenses included the lease purchase of a Fire Department pumper, Police Department vehicles, PBX system at the Police Department, and upgrades to computer services at the Public Safety Building. Construction began on the Youth Center Building with Construction in Progress valued at \$276,582. The building will be completed in the 2010/2011 Fiscal Year.

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

Long-Term Debt

At June 30, 2010, the Town had \$27,105,000 in bonds outstanding versus \$30,045,000 last year, a decrease of 9.8%, as shown in Table 5.

**TABLE 5
OUTSTANDING DEBT**

	Governmental Activities	
	2010	2009
General Obligation Bonds (Backed by the Town)	\$ 27,105,000	\$ 30,045,000

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

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

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

The Town's general obligation bond rating continues to carry A3 rating, a rating that has been assigned by national rating agencies to the Town's debt since 1960. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$220 million state-imposed limit.

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

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the Fiscal-Year 2011 budget tax rates. One of those factors is the economy. The Town's employment base had remained stable for many years. However, unemployment in the Town now stands at 9.7% as compared to 8.1% a year ago. This compares with the State's unemployment rate of 8.8% and the national rate of 9.5%.

Inflation in Connecticut increased over the National Consumer Price Index. Connecticut's CPI for June 2010 was 6.8% compared with the U.S. Town average of 4.7% and a national average of 4.4% in 2010.

These indicators were taken into account when adopting the General Fund budget for 2010-11. The 2010-11 expenditure budget was approved by the Wolcott Town Council in the amount of \$49,033,086, a \$51,222 increase over the 2009-10 budget. General Government was approved for \$17,562,110. Major changes included an increase for the pension contribution of \$545,186 and \$50,000 for a mandated property revaluation. The pension increase was predicated on market conditions which affected pension assets. Additional increases included negotiated wages, refuse and recycling collections, communication system maintenance agreement, LOCIP and Town Aid Roads grant expense totaling approximately \$215,985. Decreases included medical insurance of \$280,000 and debt service of \$488,420. The Board of Education expenditure budget remained level at \$31,470,976.

Estimated revenues for 2010-11, excluding property taxes, totaled \$17,779,962. The amount to be raised by current property taxes is \$30,503,125, with back tax collections estimated at \$750,000. The General Fund's undesignated fund balance as of June 30, 2010 is \$1,903,876, an increase of \$377,325.

The 2010-11 mill rate was set at 22.68 mills on a net grand list of \$1,365,333,592. This compares to a net grand list for 2009-10 of \$1,358,900,292.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Wolcott, 10 Kenea Avenue, Wolcott, Connecticut 06716.

TOWN OF WOLCOTT, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 11,104,123
Receivables, net	14,045,649
Deferred charges	1,647,616
Other assets	91,656
Capital assets:	
Assets not being depreciated	5,859,789
Assets being depreciated, net	69,745,181
Total assets	<u>102,494,014</u>
Liabilities:	
Accounts and other payables	2,288,287
Due to fiduciary funds	14,000
Unearned revenue	2,063,954
Notes payable	4,700,000
Noncurrent liabilities:	
Due within one year	3,389,562
Due in more than one year	33,180,509
Total liabilities	<u>45,636,312</u>
Net Assets:	
Invested in capital assets, net of related debt	41,386,242
Unrestricted	<u>15,471,460</u>
Total Net Assets	<u>\$ 56,857,702</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WOLCOTT, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes In Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities:			Capital Grants and Contributions	Governmental Activities
General government	\$ 6,502,208	\$ 321,892	\$ 56,118	\$ (6,124,198)
Public safety	4,998,920	182,492	58,082	(4,758,346)
Public works	3,772,717	1,189,326	188,452	(2,310,717)
Health and welfare	296,206		233,376	(62,830)
Culture and recreation	982,137	654,489	41,049	(286,599)
Education	37,560,221	1,223,368	18,681,718	(17,379,321)
Interest on long-term debt	1,367,468		275,814	(1,367,468)
Total Governmental Activities	\$ 55,479,877	\$ 3,571,567	\$ 19,258,795	\$ (32,289,479)

General revenues:

Property taxes	31,303,773
Grants and contributions not restricted to specific programs	601,251
Unrestricted investment earnings	46,872
Miscellaneous	61,773
Total general revenues	<u>32,013,669</u>
Change in net assets	(275,810)
Net Assets at Beginning of Year	<u>57,133,512</u>
Net Assets at End of Year	<u>\$ 56,857,702</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WOLCOTT, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Water Assessments Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 4,086,818	\$ 1,634,214	\$ 1,517,347	\$ 2,256,183	\$ 9,494,562
Accounts receivable, net	8,221,116	21,311	2,931,197	2,871,244	14,044,868
Due from other funds	83,748	15,853		89,927	189,528
Inventories				35,327	35,327
Total Assets	<u>\$ 12,391,682</u>	<u>\$ 1,671,378</u>	<u>\$ 4,448,544</u>	<u>\$ 5,252,681</u>	<u>\$ 23,764,285</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 871,531	\$ 136,062	\$	\$ 499,522	\$ 1,507,115
Due to other funds	119,780			83,748	203,528
Deferred revenue	9,407,007	300,823	2,931,197	2,140,299	14,779,326
Notes payable		4,700,000			4,700,000
Total liabilities	<u>10,398,318</u>	<u>5,136,885</u>	<u>2,931,197</u>	<u>2,723,569</u>	<u>21,189,969</u>
Fund balances:					
Reserved	89,488	143,297		35,327	268,112
Unreserved, reported in:					
General Fund	1,903,876				1,903,876
Special Revenue Funds			1,517,347	2,318,785	3,836,132
Capital Project Funds		(3,608,804)		175,000	(3,433,804)
Total fund balances	<u>1,993,364</u>	<u>(3,465,507)</u>	<u>1,517,347</u>	<u>2,529,112</u>	<u>2,574,316</u>
Total Liabilities and Fund Balances	<u>\$ 12,391,682</u>	<u>\$ 1,671,378</u>	<u>\$ 4,448,544</u>	<u>\$ 5,252,681</u>	<u>\$ 23,764,285</u>

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**TOWN OF WOLCOTT, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes:				
Current levy	\$ 30,353,858	\$ 30,353,858	\$ 30,235,695	\$ (118,163)
Prior year levies	750,000	750,000	915,033	165,033
Interest, liens and miscellaneous	269,500	269,500	360,826	91,326
Total property taxes	<u>31,373,358</u>	<u>31,373,358</u>	<u>31,511,554</u>	<u>138,196</u>
Licenses and permits:				
Town Clerk	250,000	250,000	215,332	(34,668)
Planning and Zoning	20,000	20,000	20,290	290
Building permits	90,000	90,000	78,140	(11,860)
Recycling permits	17,000	17,000	21,451	4,451
Police Department permits	2,960	2,960	11,083	8,123
Total licenses and permits	<u>379,960</u>	<u>379,960</u>	<u>346,296</u>	<u>(33,664)</u>
Federal, state and local grants:				
Education equalization grant	13,539,371	13,539,371	11,640,623	(1,898,748)
Transportation	213,692	213,692	261,388	47,696
Blind/severely handicapped	10,000	10,000		(10,000)
School bond and interest subsidies	1,327,467	1,327,467	987,255	(340,212)
Local capital improvement	118,946	118,946	118,530	(416)
Elderly tax relief - circuit breaker	155,150	155,150	153,158	(1,992)
Veterans exemption tax relief	27,814	27,814	28,561	747
Manufacturing exemption tax relief	247,312	247,312	209,824	(37,488)
Elderly tax relief - freeze	4,000	4,000	4,000	-
Totally disabled tax relief	3,004	3,004	3,072	68
State-owned property	2,350	2,350	2,354	4
Regional Water Authority - PILOT program	8,103	8,103	8,103	-
Town aid road	110,569	110,569	151,459	40,890
Library grant	2,000	2,000	1,794	(206)
Boating safety	4,800	4,800	2,460	(2,340)
Pequot grant	100,625	100,625	66,912	(33,713)
Adult education	4,308	4,308	4,516	208
Medicare reimbursement	15,000	15,000	25,419	10,419
Civil Preparedness	2,400	2,400		(2,400)
Commercial new truck exemption	22,268	22,268	22,268	-
Total federal, state and local grants	<u>15,919,179</u>	<u>15,919,179</u>	<u>13,691,696</u>	<u>(2,227,483)</u>
Charges for services:				
Special education - tuition	60,000	60,000	65,383	5,383
Tuition - other towns	35,000	35,000	36,630	1,630
Inland Wetlands	3,000	3,000	6,228	3,228
Outside activities	11,500	11,500	7,890	(3,610)
Ambulance service fees	210,000	210,000	100,000	(110,000)
Parks and recreation	17,000	17,000	19,534	2,534
Commercial refuse hauler	76,000	76,000	72,353	(3,647)
Zoning Board of Appeals	1,000	1,000	1,750	750
Records money	1,200	1,200	2,107	907
In-kind services	12,000	12,000	12,000	-
Total charges for services	<u>426,700</u>	<u>426,700</u>	<u>323,875</u>	<u>(102,825)</u>

(Continued on next page)

**TOWN OF WOLCOTT, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Investment income:				
Interest on investments	\$ 100,000	\$ 100,000	\$ 32,735	\$ (67,265)
Other revenues:				
Library fines	10,000	10,000	11,199	1,199
False alarm fines	3,200	3,200	975	(2,225)
Vital statistics	140	140	152	12
Welfare			3,107	3,107
Telephone access grant	75,000	75,000	50,084	(24,916)
Pavilion	500	500	2,125	1,625
Unanticipated revenues	30,000	30,000	50,455	20,455
Total other revenues	<u>118,840</u>	<u>118,840</u>	<u>118,097</u>	<u>(743)</u>
Other financing sources:				
Transfers in:				
Farmingbury Golf Course	82,427	82,427	82,377	(50)
Special revenue funds			34,000	34,000
Assessment collections and residual bonds funds	581,400	581,400	887,612	306,212
Total other financing sources	<u>663,827</u>	<u>663,827</u>	<u>1,003,989</u>	<u>340,162</u>
Total	<u>\$ 48,981,864</u>	<u>\$ 48,981,864</u>	47,028,242	<u>\$ (1,953,622)</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			2,468,477	
The Board of Education does not budget for intergovernmental grants which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.			<u>784,171</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 50,280,890</u>	

TOWN OF WOLCOTT, CONNECTICUT

RSI-2

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Culture and recreation:				
Parks and recreation	\$ 203,920	\$ 203,920	\$ 168,613	\$ 35,307
Library	531,567	531,566	515,102	16,464
Total culture and recreation	<u>735,487</u>	<u>735,486</u>	<u>683,715</u>	<u>51,771</u>
Board of Education	<u>31,470,976</u>	<u>31,470,976</u>	<u>29,488,524</u>	<u>1,982,452</u>
Debt service:				
Principal and interest:				
School bonds	2,649,264	2,649,264	2,649,249	15
General improvement bonds	1,036,020	1,036,020	1,036,020	-
Water bonds	526,745	526,765	526,762	3
Capital leases	62,893	62,893	61,641	1,252
Total debt service	<u>4,274,922</u>	<u>4,274,942</u>	<u>4,273,672</u>	<u>1,270</u>
Other financing uses:				
Transfers out:				
Capital and Nonrecurring Fund	30,000			-
Education Special Grants and Programs	3,064	3,064	3,064	-
Farmingbury Hills County Club	26,000	26,000	26,000	-
Total other financing uses	<u>59,064</u>	<u>29,064</u>	<u>29,064</u>	<u>-</u>
Total	<u>\$ 48,981,864</u>	<u>\$ 48,981,864</u>	<u>46,650,917</u>	<u>\$ 2,330,947</u>

Budgetary expenditures are different than GAAP expenditures because

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

2,468,477

Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.

(89,488)

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

203,421

The Board of Education does not budget for intergovernmental grants which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial statement reporting purposes.

784,171

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

\$ 50,017,498

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Governmental Activities</u> <u>Internal</u> <u>Service Fund</u>
Assets:	
Cash and cash equivalents	\$ 1,609,561
Accounts receivable, net	781
Total assets	<u>1,610,342</u>
Liabilities:	
Current:	
Risk management claims	<u>436,535</u>
Net Assets:	
Unrestricted	<u>\$ 1,173,807</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WOLCOTT, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:	
Fund premiums	\$ 5,525,425
Employee contributions	1,515,994
Total operating revenues	<u>7,041,419</u>
Operating Expenses:	
Employee claims	5,394,732
Premiums	190,676
Administrative expense	371,330
Total operating expenses	<u>5,956,738</u>
Operating Income	1,084,681
Nonoperating Income:	
Income on investments	<u>2,466</u>
Change in Net Assets	1,087,147
Net Assets at Beginning of Year	<u>86,660</u>
Net Assets at End of Year	<u>\$ 1,173,807</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WOLCOTT, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2010

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Fund Scholarship Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 2,315,646	\$ 14,872	\$ 408,449
Investments:			
Certificate of deposits	95,369	236,607	
Corporate bonds	916,094		
Guaranteed annuity contracts	5,289,062		
Mutual funds	9,773,410		
Accounts receivable			3,150
Due from other funds			14,000
	<hr/>	<hr/>	<hr/>
Total assets	18,389,581	251,479	\$ <u>425,599</u>
Liabilities:			
Deposits held for others			\$ <u>425,599</u>
Net Assets:			
Held in trust for pension benefits and other purposes	<u>\$ 18,389,581</u>	<u>\$ 251,479</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF WOLCOTT, CONNECTICUT

STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Fund Scholarship Fund</u>
Additions:		
Contributions:		
Employer	\$ 1,142,308	\$
Plan members/contributions	83,901	8,988
Total contributions	<u>1,226,209</u>	<u>8,988</u>
Investment income:		
Net increase in fair value of investments	1,186,030	
Interest and dividends	403,080	1,050
Net investment earnings	1,589,110	1,050
Less investment fee expense	96,480	
Net increase in investments	<u>1,492,630</u>	<u>1,050</u>
Total additions	<u>2,718,839</u>	<u>10,038</u>
Deductions:		
Benefits	1,321,353	
Administration	40,285	
Scholarship awards		8,105
Total deductions	<u>1,361,638</u>	<u>8,105</u>
Net Increase	1,357,201	1,933
Net Assets Held in Trust for Pension Benefits/Trust Purposes at Beginning of Year	<u>17,032,380</u>	<u>249,546</u>
Net Assets Held in Trust for Pension Benefits/Trust Purposes at End of Year	<u>\$ 18,389,581</u>	<u>\$ 251,479</u>

The accompanying notes are an integral part of the financial statements

Board of Education General Pension Plan

The Board of Education's funding policy is to contribute an amount comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability using the Frozen Initial Liability cost method. The Board of Education's contribution rate was 13.3% of covered payroll.

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

D. Annual Pension Cost and Net Pension Obligations

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

	<u>Town General Pension Plan</u>	<u>Board of Education General Pension Plan</u>
Annual required contribution	\$ 945,999	\$ 483,007
Interest on net pension obligation	10,114	15,882
Adjustment to annual required contribution	(7,305)	(15,942)
Annual pension cost	948,808	482,947
Contributions made	(657,301)	(485,007)
Increase in net pension obligation	291,507	(2,060)
Net pension obligation - beginning of year	126,422	211,759
Net Pension Obligation - End of Year	<u>\$ 417,929</u>	<u>\$ 209,699</u>

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

	<u>Town Plan*</u>	<u>Board Plan</u>
Actuarial Valuation Date	January 1, 2009	September 1, 2008
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Dollar Closed	Level Dollar Closed
Remaining Amortization Period	25	26
Asset Valuation Method	Smoothed Market	Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	8.5%	7.5%
Projected Salary Increase:		
General employees	4.0%	3%
Police officers	4.5%	n/a

*2010 contributions are based on level percent-of-pay funding and 3.5% payroll growth.

E. Trend Information

Town General Pension Plan			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/08	\$ 637,332	102%	\$ 133,554
6/30/09	610,969	101	126,422
6/30/10	948,808	70	417,929

Board of Education General Pension Plan			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/08	\$ 362,466	101%	\$ 212,754
6/30/09	469,866	100	211,759
6/30/10	482,947	100	209,699

F. Pension Plan Required Supplementary Information

Town General Pension Plan

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	(Unfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/04	\$ 8,603,670	\$ 11,598,525	\$ 2,994,855	75	\$ 4,101,515	73%
1/1/05	9,448,370	12,571,949	3,123,579	76	4,299,852	73
1/1/06	10,441,953	13,407,571	2,965,618	78	4,302,962	69
1/1/07	11,427,597	14,315,426	2,887,829	80	4,707,489	61
1/1/08	12,495,945	15,097,633	2,601,688	83	5,043,697	52
1/1/09	11,055,040	17,580,084	6,525,044	63	5,766,844	113

Schedule of Employer Contributions

	Annual Required Contribution	Percentage Contributed
6/30/05	\$ 663,235	97%
6/30/06	646,498	109
6/30/07	645,238	100
6/30/08	637,778	102
6/30/09	611,505	101
6/30/10	945,999	70

Board of Education

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

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

C. Annual OPEB Cost and Net OPEB Obligations

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

	Post- Employment Welfare Program
Annual required contribution (ARC)	\$ 1,765,311
Interest on net OPEB obligation	56,584
Adjustment to annual required contribution	<u>(83,290)</u>
Annual OPEB cost	1,738,605
Contributions made	<u>917,562</u>
Increase in net OPEB obligation	821,043
Net OPEB obligation - beginning of year	<u>1,414,586</u>
Net OPEB Obligation - End of Year	<u><u>\$ 2,235,629</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2010 is presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/09	\$ 1,682,021	\$ 267,435	15.9%	\$ 1,414,586
6/30/10	1,738,605	917,562	52.8	2,235,629

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$13,834,289, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$13,834,289. The UAAL as a percentage of covered payroll (annual payroll of active employees covered by the plan) was 54.9%.

State of Connecticut Teachers' Retirement Fund

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$15,957,109 or 75% of the total Board of Education payroll of \$21,158,777. The teachers' contributions totaled \$1,156,890 for the year ended June 30, 2010.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. For the year ended June 30, 2010, the Town has recorded, in the General Fund, revenues and expenditures in the amount of \$2,468,477 as payments made by the State of Connecticut on behalf of the Town. The Town has no liability for teachers' pensions.

12. LITIGATION AND CONTINGENCIES

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

13. SUBSEQUENT EVENTS

Bonds Issued

On July 27, 2010 the Town of Wolcott issued \$4,465,000 of general obligation bonds and \$12,785,000 of general obligation refunding bonds. Proceeds from the \$4,465,000 bond issuance will be used to permanently finance bond anticipation notes that will mature on August 9, 2010. The \$12,785,000 of refunding bonds will be used to refund general obligation bonds as follows:

<u>Issue</u>	<u>Dated</u> <u>Date</u>	<u>Principal</u> <u>Amount</u> <u>Refunded</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>
General Obligation Bonds, Issue of 2000	11/15/2000	\$ 5,355,000	11/15/2010	100%
General Obligation Bonds, Issue of 2002, Lot A	3/15/2002	6,600,000	3/15/2011	101%
General Obligation Bonds, Issue of 2002, Lot B	3/15/2002	1,365,000	8/15/2011	101%
Total		<u>\$ 13,320,000</u>		

Pension Contribution

In addition to the Annual Required Contribution for Fiscal Year 2010-2011, the 2010-2011 General Government expenditure budget included a \$288,698 additional pension contribution to satisfy the Annual Required Contribution for Fiscal Year 2009-2010.