

WOLCOTT TOWN COUNCIL

Regular Meeting

Tuesday, December 6, 2011

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 Valletta called the meeting to order at 7:30 p.m. with the Pledge of Allegiance, and attendance was taken.

MEMBERS PRESENT: Chairman David Valletta, Vice-Chairman Gale Lanza Mastrofrancesco, Donald Charette Sr., Francis Masi, James Pape, Roger Picard, Jeffrey Slavin, and Rachel Wisler

MEMBERS ABSENT: Charles Marsella

ALSO PRESENT: Mayor Thomas G. Dunn; Linda Bruce, Municipal Finance Officer; Brian Tynan, Town Attorney; Vanessa Rossitto, Engagement Partner, Blum, Shapiro & Co., P.C.; et al.

APPROVAL OF MINUTES:

▪ **Regular Meeting – November 1, 2011**

Upon **MOTION** by Gale Mastrofrancesco, seconded by Rachel Wisler, it was unanimously voted to **approve** the minutes of the Regular Meeting held on November 1, 2011 (Mr. Pape, Mr. Slavin, Mr. Picard, and Mr. Charette recused themselves from the vote as they were not Council members on 11-1-11) {Section 305 of Charter allows for less than 5 affirmative votes with respect to minutes of previous meetings}.

▪ **Organizational Meeting – November 16, 2011**

Upon **MOTION** by Gale Mastrofrancesco, seconded by James Pape it was unanimously voted to **approve** the minutes of the Organizational Meeting held on November 16, 2011.

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

No taxpayers came forward.

CORRESPONDENCE (on file):

1. Submitted by Chairman Valletta, Town Council Sub-Committee & Liaison Appointments

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- 2. Notice to Town Clerk dated November 2nd regarding November 15th Town Council meeting cancellation**
- 3. Letter dated November 2nd to Herman Mueller regarding his appointment to the Building Committee for Road Reconstruction**
- 4. Copy of Letter dated November 9th from Mayor Dunn to Attorney Brian Tynan regarding his appointment as Town Attorney for the Town of Wolcott**
- 5. Letters dated November 23rd to the Republican & Democratic Town Committees regarding Majority & Minority Leader appointments as well as Pension Committee appointments (Ordinance #76 attached)**
- 6. Board of Education Year to Date Budget Report dated 11-30-11 (separate email attachment)**
- 7. Town of Wolcott Expenditure Report, Revenue Report, & Trial Balance, for month ending 10-30-11 (sent under separate cover by Susan Hale)**
- 8. Audited Financial Statements, Report on Federal & State Financial Assistance, and Audit Communication Letter for Fiscal Year Ended June 30, 2011 (previously mailed under separate cover on 11-22-11)**

MAYOR'S REPORT:

Mayor Dunn came forward and reported on the following:

- The continued clean-up from Storm Alfred; The Town is in good shape and Public Works continues to pick up some brush curbside; there was some damage to the trucks; they have a FEMA representative that they have been working with;
- All of the work was done by the Town; they did not bring in any outside contractors;
- The changeover has been made at the Route 69 project in the north end; the traffic light is not installed yet;
- The Town-wide Christmas party is Friday, December 9th from 4 p.m. to 7 p.m. at the Senior Center;
- Frisbie Circle of Lights is on again this year; they are accepting donations of canned goods for the food pantry;

A question and answer period followed regarding the above and including the following:

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- Status of reimbursement to the Town for the work performed at the State's Rt. 69 project during the heavy rainstorm; Mayor Dunn noted that the letter was just sent out a few weeks ago; he will be following up;
- Debris clean-up from Alfred; 75% will be reimbursed by FEMA; snow removal costs will not be reimbursed;
- The process of getting a traffic light at the intersection of Rt. 322 and Woodtick Road; the State is responsible for this and it would start with a traffic study done by them; Mayor will look into this matter;
- Street lights required at Route 69 project; inquiry as to whether they are included in the project; streetlights also needed on Diamond Terrace and at Coe & Munson Roads; Mayor will look into these matters;
- Millings stored at Farmingbury Golf Course; the Town receives for free from the State

FINANCE OFFICER'S REPORT/TRANSFERS:

Linda Bruce came forward and advised that she would be happy to meet with any of the Council Members to review financial reports, budgets, etc. She next reported the following:

- Vanessa Rossitto, from Blum, Shapiro, is present this evening to review the audited financial statements for fiscal year ended June 30, 2011;
- The Town has submitted \$125,399.86 to FEMA for reimbursement for expenses associated with Hurricane Irene; at 75% reimbursement, this equals \$94,049.90; this does not include the major road repair; major road repair has an 18 month time limit; they are currently compiling these costs and will be submitting to FEMA;
- The initial estimates for major road repair totaled approximately \$260,000;
- They are also accumulating costs for Storm Alfred; Sue Hale attended the applicants' briefing meeting on November 30th; through week ending December 3rd, they accumulated payroll costs of \$73,638.20; this is not a final cost;
- Eligible costs for Storm Alfred are debris removal, emergency services, and related administrative expenses;
- There are no transfers for approval

SUB-COMMITTEE AND LIAISON REPORTS:

Chairman Valletta advised that the new appointments were distributed in the packet.

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UNFINISHED BUSINESS:

There was no unfinished business.

NEW BUSINESS:

- **Blum, Shapiro & Company, P.C. – Presentation of Fiscal Year 2010-2011 Audit Report**

Vanessa Rossitto, came forward, at which time Ms. Rossitto stated that she will review the audit report for year ended June 30, 2011, which consists of four documents; the audited financial statements themselves, the State Single Audit Report, the Federal Single Audit Report, and the Audit Communication letter (**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.

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.

Ms. Rossitto next referenced the financial statements, and noted that pages 1 and 2 are their audit opinion; Blum, Shapiro had given the Town of Wolcott a clean, unqualified audit opinion which is the highest form of opinion that you can receive. It basically means that everything has been presented correctly and in accordance with their standards.

Ms. Rossitto next referenced 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 financially in the Town from last year to this year in all of the major funds.

Ms. Rossitto next reviewed the various financial statements contained within the audit report, in detail, and described what each one depicts. Ms. Rossitto referenced page 13, 'Balance Sheet - Governmental Funds' and stated that she thinks this is one of the most important parts of the statement. She noted that these are the major funds of the Town which consist of the General Fund, the Capital Improvement Fund, the Water Assessments Fund, and the Small Cities Grant Programs. She pointed out that the General Fund has an ending

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fund balance of \$2.497 million dollars, which is an increase from the prior year of \$504,000. It should be noted that the Town issued refunding bonds this past year, which will reduce the Town's total debt service by about \$1.23 million dollars over the next twelve years; details on page 34. The present value of this savings is a little over \$1 million dollars.

The Capital Improvement Fund has an ending fund balance of \$645,575, which is an increase of \$4.1 million dollars from the previous year. In the previous year there was a negative fund balance of \$3.4 million dollars due to the fact that the Town had not issued long term debt, only short term debt.

The Water Assessments Fund has an ending fund balance of \$1.769 million dollars, which is another increase of \$250,000 from the previous year.

The Small Cities Grant Programs has an ending fund balance of \$74,000, which is a small decrease of about \$10,000 from the previous year.

Ms. Rossitto next referenced pages 48, 49, 50, & 51, and advised that this depicts the General Fund's Budget and Actual Statement of Revenue and Expenditures, and reviewed the highlights. Revenues for the Town were \$1.9 million dollars less than budgeted. That shortage of revenues was made up by an underage of expenditures by \$2.3 million dollars. Although there was a decrease in revenues, it was offset by a decrease in expenditures.

Ms. Rossitto next referenced pages 18 & 19, which is the Town's Internal Service Fund. It has ending net assets of \$1.2 million dollars, which is an increase of \$44,000 from last year.

On pages 20 and 21 are the fiduciary funds of the Town, consisting of the Pension Trust Funds, the Scholarship Fund, and the Agency Funds. The Pension Trust Fund has assets of \$21.2 million dollars which is an increase from the prior year of \$2.8 million dollars.

Ms. Rossitto commented that Mrs. Bruce and her staff do a great job. Blum, Shapiro does about 50-55 audits per year, and the Town of Wolcott is one of the first ones that they do because the Finance Office is ready very early, and they are always prepared. She noted that it is a pleasure to work with them.

A brief question and answer period followed regarding the above.

ITEMS FOR NEXT AGENDA:

Fire Prevention Poster Contest Winners

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Chairman Valletta advised that if anyone has any additional items that they should contact himself or the Clerk.

TAXPAYERS' TIME:

No taxpayers came forward.

ADJOURNMENT:

Upon **MOTION**, by Gale Mastrofrancesco, seconded by Rachel Wisler, it was unanimously voted to **adjourn** the meeting at 8:04 p.m.

APPROVED:

Elizabeth Gaudiosi, Secretary
WOLCOTT TOWN COUNCIL

David Valletta, Chairman
WOLCOTT TOWN COUNCIL



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, 2011, which collectively comprise the Town of Wolcott, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2011 on our consideration of the Town of Wolcott, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 10, and the budgetary comparison information on pages 48 through 51, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Blum, Shapiro & Company, P.C.

November 17, 2011

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

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

Financial Highlights

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Government-Wide Financial Analysis

The Town's combined net assets decreased from a year ago, from \$56,857,702 to \$56,465,393. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

**TABLE 1
NET ASSETS**

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

Net assets of the Town's governmental activities decreased \$392,309, a .69% decrease (\$56,465,393 compared to \$56,857,702). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$2,012,404 from \$15,471,460 at June 30, 2010 to \$13,459,056 at the end of this year.

**TABLE 2
CHANGE IN NET ASSETS**

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

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

Governmental Activities

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

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

| | Total Cost of Services | | Net Cost of Services | |
|------------------------|------------------------|----------------------|----------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 |
| General government | \$ 6,341,207 | \$ 6,502,208 | \$ 5,991,869 | \$ 6,124,198 |
| Public safety | 5,317,260 | 4,998,920 | 5,053,142 | 4,758,346 |
| Public works | 3,858,043 | 3,772,717 | 1,385,508 | 2,310,717 |
| Culture and recreation | 1,223,458 | 982,137 | 612,480 | 286,599 |
| Education | 38,916,414 | 37,560,221 | 18,063,248 | 17,379,321 |
| All others | 1,741,524 | 1,663,674 | 1,545,609 | 1,430,298 |
| Total | \$ 57,397,906 | \$ 55,479,877 | \$ 32,651,856 | \$ 32,289,479 |

Town Funds Financial Analysis

Governmental Funds

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

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

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

Proprietary Funds

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

Capital Asset and Debt Administration

Capital Assets

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

TABLE 4
CAPITAL ASSETS (Net of Depreciation)

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

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

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

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

Long-Term Debt

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

**TABLE 5
OUTSTANDING DEBT**

| | Governmental Activities | |
|---|----------------------------|---------------|
| | 2011 | 2010 |
| General Obligation Bonds (Backed by the Town) | \$ 28,545,000 | \$ 27,105,000 |

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

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

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

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

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

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

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

Contacting the Town's Financial Management

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

TOWN OF WOLCOTT, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

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

(Continued on next page)

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

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

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

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

The Town will retire the bonds from General Fund revenues.

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

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

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

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

(Continued on next page)

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

| | Budgeted Amounts | | Actual | Variance Favorable (Unfavorable) |
|---|----------------------|----------------------|----------------------|--|
| | Original | Final | | |
| Investment income: | | | | |
| Interest on investments | \$ 40,000 | \$ 40,000 | \$ 14,114 | \$ (25,886) |
| Other revenues: | | | | |
| Library fines | 11,000 | 11,000 | 11,601 | 601 |
| False alarm fines | 3,500 | 3,500 | 450 | (3,050) |
| Vital statistics | 140 | 140 | 146 | 6 |
| Telephone access grant | 70,000 | 70,000 | 45,961 | (24,039) |
| Pavilion | 1,000 | 1,000 | 1,875 | 875 |
| Unanticipated revenues | 30,000 | 30,000 | 155,742 | 125,742 |
| Total other revenues | <u>115,640</u> | <u>115,640</u> | <u>215,775</u> | <u>100,135</u> |
| Other financing sources: | | | | |
| Transfers in: | | | | |
| Farmingbury Golf Course | 82,376 | 82,376 | 82,376 | - |
| Assessment collections and residual bonds funds | 566,819 | 566,819 | 686,339 | 119,520 |
| Total other financing sources | <u>649,195</u> | <u>649,195</u> | <u>768,715</u> | <u>119,520</u> |
| Total | <u>\$ 49,033,087</u> | <u>\$ 49,033,087</u> | 47,115,930 | <u>\$ (1,917,157)</u> |
| Budgetary revenues are different than GAAP revenues because: | | | | |
| State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted. | | | | |
| Proceeds from refunding bonds are not budgeted. | | | | |
| Premiums on refunding bonds are not budgeted. | | | | |
| 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. | | | | |
| | | | 2,549,675 | |
| | | | 12,785,000 | |
| | | | 1,255,775 | |
| | | | <u>745,380</u> | |
| Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV | | | <u>\$ 64,451,760</u> | |

TOWN OF WOLCOTT, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

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

(Continued on next page)

TOWN OF WOLCOTT, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

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

Budgetary expenditures are different than GAAP expenditures because

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

2,549,675

Payment to refunded bond escrow agent is not budgeted.

13,903,475

Issuance cost on refunding bonds is not budgeted.

137,300

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

(161,990)

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

89,488

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

TOWN OF WOLCOTT, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

TOWN OF WOLCOTT, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2011

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

The accompanying notes are an integral part of the financial statements

TOWN OF WOLCOTT, CONNECTICUT

STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

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

The accompanying notes are an integral part of the financial statements