

**TOWN OF WOLCOTT, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012**

# TOWN OF WOLCOTT, CONNECTICUT

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## Independent Auditors' Report

To the Town Council  
Town of Wolcott, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wolcott, Connecticut, as of and for the year ended June 30, 2012, 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 of Wolcott, Connecticut'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 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 of Wolcott, Connecticut'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, 2012 and the respective changes in financial position and, where applicable, cash flows 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 December 4, 2012 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the budgetary comparison information on pages 51 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

December 4, 2012

**TOWN OF WOLCOTT, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

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, 2012. 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 \$1,709,658 or 3.03%.
- During the year, the Town had expenses that were \$1,709,658 more than the \$57,622,398 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$59,332,056 with no new programs added this year.
- The General Fund reported a fund balance this year of \$2,721,563. The unassigned Fund Balance increased by \$207,617 from \$2,335,382 to \$2,542,999.
- The resources available for appropriation were \$43,947 less than budgeted for the General Fund. Expenditures were under spent by \$251,564, thereby contributing to the \$207,617 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 \$56,465,393 to \$54,755,735. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

**TABLE 1  
NET ASSETS**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Current and other assets	\$ 29,774,888	\$ 24,918,552
Capital assets, net of accumulated depreciation	74,064,219	74,004,751
Total assets	<u>103,839,107</u>	<u>98,923,303</u>
Long-term liabilities outstanding	38,031,269	38,591,117
Other liabilities	11,052,103	3,866,793
Total liabilities	<u>49,083,372</u>	<u>42,457,910</u>
Net Assets:		
Invested in capital assets, net of related debt	44,372,996	43,006,337
Unrestricted	<u>10,382,739</u>	<u>13,459,056</u>
Total Net Assets	<u>\$ 54,755,735</u>	<u>\$ 56,465,393</u>

Net assets of the Town's governmental activities decreased \$1,709,658, a 3.03% decrease (\$54,755,735 compared to \$56,465,393). 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 \$3,076,317 from \$13,459,056 at June 30, 2011 to \$10,382,739 at June 30, 2012.

**TABLE 2  
CHANGE IN NET ASSETS**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Revenues:		
Program revenues:		
Charges for services	\$ 3,488,436	\$ 3,312,140
Operating grants and contributions	20,668,235	19,567,653
Capital grants and contributions	1,827,204	1,866,257
General revenues:		
Property taxes	31,086,889	31,360,406
Grants and contributions not restricted to specific purposes	454,979	643,799
Unrestricted investment earnings	6,511	21,118
Other general revenues	90,144	234,224
Total revenues	57,622,398	57,005,597
Expenses:		
General government	7,023,500	6,341,207
Public safety	5,926,932	5,317,260
Public works	4,392,996	3,858,043
Health and welfare	239,942	226,266
Culture and recreation	1,423,916	1,223,458
Education	39,185,344	38,916,414
Interest on long-term debt	1,139,426	1,515,258
Total expenses	59,332,056	57,397,906
Decrease in Net Assets	\$ (1,709,658)	\$ (392,309)

The Town's total revenues were \$57,622,398. The total cost of all programs and services was \$59,332,056. Our analysis below separately considers the operations of governmental activities.

**Governmental Activities**

Total revenues realized by the Town were \$57,622,398 for the 2012 Fiscal Year, an increase of \$616,801 or 1.1% from last year. Operating grants and contributions increased mainly due to the State of Connecticut's Teacher Retirement contribution of \$708,891.

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

**TABLE 3  
GOVERNMENTAL ACTIVITIES**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General government	\$ 7,023,500	\$ 6,341,207	\$ 6,703,902	\$ 5,991,869
Public safety	5,926,932	5,317,260	5,272,507	5,053,142
Public works	4,392,996	3,858,043	1,673,058	1,385,508
Culture and recreation	1,423,916	1,223,458	724,361	612,480
Education	39,185,344	38,916,414	17,688,185	18,063,248
All others	1,379,368	1,741,524	1,286,168	1,545,609
Total	<u>\$ 59,332,056</u>	<u>\$ 57,397,906</u>	<u>\$ 33,348,181</u>	<u>\$ 32,651,856</u>

**Town Funds Financial Analysis**

**Governmental Funds**

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$6,108,590, representing a decrease of \$1,389,127 from last year's total of \$7,497,717. Included in this year's total change in fund balance is a decrease of \$1,829,690 in the Town's Capital Improvement Fund resulting from the October 2011, \$7,280,000 Bond Anticipation Note. Prior to permanent bonding, Bond Anticipation Notes are recorded as a liability. The Capital Improvement Fund at June 30, 2011 listed a positive fund balance of \$645,575 compared to a negative fund balance at June 30, 2012 of \$1,184,115.

Also included in this year's total change in fund balance is an increase of \$224,191 in the Town's General Fund and a combined increase of \$216,372 in the Water Assessment Fund and Nonmajor Governmental Funds. The Town's earned revenues were below budgeted estimates by \$43,947 as reflected in RSI-1. This budgetary shortfall was offset by reported expenditures that were \$251,564 less than budgeted for as reflected in RSI-2. The General Fund's \$251,564 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 \$2,721,563 reported on Exhibit III differs from the General Fund's budgetary fund balance of \$2,542,999. This is because the budgetary fund balance includes \$178,564 of outstanding encumbrances at year end that are reported as expenditures for budgetary purposes. The General Fund's unassigned fund balance increased from \$2,335,382 at June 30, 2011 to \$2,542,999 at June 30, 2012 for an increase of \$207,617. The General Fund's total fund balance of \$2,721,563 represents 5.7% of the General Fund's expenditures and other financing uses incurred during the year as compared with 5.3% at the end of the prior fiscal year. The General Fund's unassigned fund balance represents 5.3% of the General Fund's expenditures at June 30, 2012 compared to 5.0% at June 30, 2011.

**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, 2012 is \$420,470, a decrease of \$21,714 from June 30, 2011. The fund's unrestricted net assets increased by \$288,554 from \$1,218,104 to \$1,506,658 as indicated on Exhibits V and VI.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2012 the Town had \$74,064,219 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines (see Table 4). This amount represents a net increase (including additions, deductions and depreciation) of \$59,468 over last year.

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

	Governmental Activities	
	2012	2011
Land	\$ 3,695,726	\$ 3,695,726
Land improvements	1,611,886	1,707,581
Buildings	33,703,049	34,724,867
Vehicles, machinery and equipment	5,720,145	6,196,096
Infrastructure	26,013,010	24,834,625
Construction in progress	3,320,403	2,845,856
Total	<u>\$ 74,064,219</u>	<u>\$ 74,004,751</u>

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

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

### Long-Term Debt

At June 30, 2012, the Town had \$26,535,000 in bonds outstanding versus \$28,545,000 last year, a decrease of 7%, as shown in Table 5.

**TABLE 5  
OUTSTANDING DEBT**

	Governmental Activities	
	2012	2011
General Obligation Bonds (Backed by the Town)	\$ 26,535,000	\$ 28,545,000

On October 28, 2011, the Town issued bond anticipation notes totaling \$7,280,000 toward a bonding authorization of \$12,325,000 approved on August 27, 2011 for the following purposes:

<u>Project</u>	<u>Bonding Authorization</u>	<u>Bonded/Grants/ Paydowns</u>	<u>The Notes</u>	<u>Authorized But Unissued</u>
Road Reconstruction and Repairs	\$9,000,000	\$0	\$4,500,000	\$4,500,000
Wolcott Schools Upgrades	1,800,000	-	1,800,000	0
Woodtick Road Waterline	350,000	-	350,000	0
Walking Trail at Scovill Reservoir	350,000	-	100,000	250,000
Fire Truck Purchase	500,000	-	500,000	0
Issuance Costs	325,000	-	30,000	295,000
<b>Total</b>	<b>\$12,325,000</b>	<b>\$0</b>	<b>\$7,280,000</b>	<b>\$5,045,000</b>

The bond anticipation notes matured on October 25, 2012. The Town issued bond anticipation notes on October 25, 2012 for a total of \$9,780,000. The bond anticipation notes mature on October 24, 2013 at which time the Town plans to issue bond anticipation notes for the total authorization of \$12,325,000.

The Town's general obligation bond rating remained at A1. This was recalibrated by Moody's Investors Service to A1 from A3 in July 2010, a rating that had been assigned by national rating agencies to the Town's debt since 1960. The recalibration was industry wide and does not reflect an improvement in the Town's bond rating. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$219 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 2013 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 increased slightly. It now stands at 9.5% as compared to 9.0% a year ago. This compares with the State's unemployment rate of 9.3% and the national rate of 8.1%.

Inflation in Connecticut increased over the National Consumer Price Index. Connecticut's CPI for June 2012 was 5.4% compared with the U.S. Town average of 4.9% and a national average of 4.8% in 2012.

These indicators were taken into account when adopting the General Fund budget for 2012-13. The 2012-13 expenditure budget was approved by the Wolcott Town Council in the amount of \$49,088,874, a \$790,305 increase from the 2011-12 budget. The General Government expenditure budget remained level at \$16,827,593.

Major changes included a decrease in fringe benefits of \$159,620 and decreases in miscellaneous operating expenses of \$238,872. These decreases were accomplished by reductions in departmental expenses not governed by contracts and mandated costs. The Board of Education expenditure budget was approved for \$32,261,281 representing an increase of \$790,305.

Estimated revenues for 2012-13, excluding property taxes, totaled \$17,297,136. The amount to be raised by current property taxes is \$31,239,738, with back tax collections estimated at \$552,000. The General Fund's unassigned fund balance as of June 30, 2012 is \$2,542,999, an increase of \$207,617.

The 2012-13 mill rate was set at 25.27 mills on a net grand list of \$1,254,860,310 reduced to a 98.5% grand list collection rate of \$1,236,037,405. This compares to a 98.5% grand list collection rate for 2011-12 of \$1,342,184,031. The reduction in the grand list value is the result of a State mandated property revaluation.

### **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 ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	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	\$ 7,023,500	\$ 287,975	\$ 31,623	\$ (6,703,902)
Public safety	5,926,932	420,119	37,409	(5,272,507)
Public works	4,392,996	870,861	315,523	(1,673,058)
Health and welfare	239,942		93,200	(146,742)
Culture and recreation	1,423,916	642,356	56,410	(724,361)
Education	39,185,344	1,267,125	20,134,070	(17,688,185)
Interest on long-term debt	1,139,426		95,964	(1,139,426)
Total Governmental Activities	\$ 59,332,056	\$ 3,488,436	\$ 20,668,235	\$ (33,348,181)
General revenues:				
Property taxes				31,086,889
Grants and contributions not restricted to specific programs				454,979
Unrestricted investment earnings				6,511
Miscellaneous				90,144
Total general revenues				31,638,523
Change in net assets				(1,709,658)
Net Assets at Beginning of Year				56,465,393
Net Assets at End of Year				\$ 54,755,735

The accompanying notes are an integral part of the financial statements

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

JUNE 30, 2012

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Water Assessments Fund</u>	<u>Small Cities Grant Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,732,547	\$ 6,854,946	\$ 1,690,859	\$ 74,851	\$ 2,536,760	\$ 13,889,963
Accounts receivable, net	6,679,619	579,048	2,206,474	1,862,452	1,232,689	12,560,282
Due from other funds	623,696	8,390	42			632,128
Inventories					26,448	26,448
Total Assets	<u>\$ 10,035,862</u>	<u>\$ 7,442,384</u>	<u>\$ 3,897,375</u>	<u>\$ 1,937,303</u>	<u>\$ 3,795,897</u>	<u>\$ 27,108,821</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 1,240,210	\$ 939,882	\$	\$ 7,354	\$ 418,877	\$ 2,606,323
Notes payable		7,280,000				7,280,000
Due to other funds	22,390	406,602			217,136	646,128
Deferred revenue	6,051,699	15	2,206,474	1,861,852	347,740	10,467,780
Total liabilities	<u>7,314,299</u>	<u>8,626,499</u>	<u>2,206,474</u>	<u>1,869,206</u>	<u>983,753</u>	<u>21,000,231</u>
Fund balances:						
Nonspendable					26,448	26,448
Restricted				68,097	161,896	229,993
Committed			1,690,901		2,656,738	4,347,639
Assigned	178,564					178,564
Unassigned	2,542,999	(1,184,115)			(32,938)	1,325,946
Total fund balances	<u>2,721,563</u>	<u>(1,184,115)</u>	<u>1,690,901</u>	<u>68,097</u>	<u>2,812,144</u>	<u>6,108,590</u>
Total Liabilities and Fund Balances	<u>\$ 10,035,862</u>	<u>\$ 7,442,384</u>	<u>\$ 3,897,375</u>	<u>\$ 1,937,303</u>	<u>\$ 3,795,897</u>	<u>\$ 27,108,821</u>

(Continued on next page)

## TOWN OF WOLCOTT, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

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

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

Fund balances - total governmental funds	\$ 6,108,590
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 133,198,357	
Less accumulated depreciation	<u>(59,134,138)</u>	
Net capital assets		74,064,219

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

Bond issuance costs	43,812
Deferred charges - sewer treatment plant	1,327,255
Property tax receivables greater than 60 days	673,157
Interest receivable on property taxes	169,352
Assessments receivable	2,206,474
Loans receivable	1,861,852
Receivable from the State for school construction projects	5,185,994
Other receivables	305,122

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.

	1,506,658
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(26,535,000)
Premium on bonds payable	(1,134,604)
Deferred charges on refunding	909,623
State of Connecticut - serial notes payable	(1,327,255)
Interest payable on bonds and notes	(665,481)
Heart and hypertension obligations	(1,704,682)
Compensated absences	(2,941,067)
Retirement obligations	(11,400)
Capital leases	(972,922)
Net pension obligation	(252,251)
Net OPEB obligation	<u>(4,061,711)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 54,755,735</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF WOLCOTT, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	General	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Programs	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
General property taxes	\$ 31,276,936	\$	\$	\$	\$	\$ 31,276,936
Licenses, permits and other charges	311,674				26,547	338,221
Intergovernmental revenues	19,263,593	950,097		43,500	2,513,147	22,770,337
Charges for services	359,401		422,076		3,170,281	3,951,758
Investment income	3,922	425	321	45	1,460	6,173
Other	212,887	80,158		35,575	65,910	394,530
Total revenues	<u>51,428,413</u>	<u>1,030,680</u>	<u>422,397</u>	<u>79,120</u>	<u>5,777,345</u>	<u>58,737,955</u>
Expenditures:						
Current:						
General government	5,698,775				27,266	5,726,041
Public safety	4,824,888				493,551	5,318,439
Public works	1,983,200				1,043,960	3,027,160
Health and welfare	160,520			85,147	26	245,693
Culture and recreation	689,689				557,702	1,247,391
Education	35,565,637				3,169,364	38,735,001
Capital outlay	674,464	2,483,302			7,628	3,165,394
Debt service	3,136,623				199,804	3,336,427
Total expenditures	<u>52,733,796</u>	<u>2,483,302</u>	<u>-</u>	<u>85,147</u>	<u>5,499,301</u>	<u>60,801,546</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,305,383)</u>	<u>(1,452,622)</u>	<u>422,397</u>	<u>(6,027)</u>	<u>278,044</u>	<u>(2,063,591)</u>
Other Financing Sources (Uses):						
Transfers in	991,110	30,728				1,157,838
Transfers out	(136,000)	(407,796)	(500,938)		136,000	(1,157,838)
Proceeds from capital lease issuance	674,464				(113,104)	674,464
Total other financing sources (uses)	<u>1,529,574</u>	<u>(377,068)</u>	<u>(500,938)</u>	<u>-</u>	<u>22,896</u>	<u>674,464</u>
Net Change in Fund Balances	224,191	(1,829,690)	(78,541)	(6,027)	300,940	(1,389,127)
Fund Balances at Beginning of Year	2,497,372	645,575	1,769,442	74,124	2,511,204	7,497,717
Fund Balances at End of Year	<u>\$ 2,721,563</u>	<u>\$ (1,184,115)</u>	<u>\$ 1,690,901</u>	<u>\$ 68,097</u>	<u>\$ 2,812,144</u>	<u>\$ 6,108,590</u>

(Continued on next page)

## TOWN OF WOLCOTT, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances - Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$	(1,389,127)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	2,327,707
Depreciation expense	(2,239,205)

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

	(29,034)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts and adjustments	(562,796)
Property tax receivable - accrual basis change	(113,659)
Property tax interest and lien revenue - accrual basis change	(76,388)
Loans receivable - accrual basis change	15,183
Assessments receivable - accrual basis change	(306,805)
Other receivables - accrual basis change	(56,246)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	2,010,000
Amortization of deferred amount on refunding	(74,848)
Amortization of premium	66,093
Deferred bond issuance costs	(6,258)
State of Connecticut - serial note payments	161,723
Accrued interest on bonds and serial notes	40,291
Capital lease payments	449,752
Capital lease financing	(674,464)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in long-term heart and hypertension obligations	(105,730)
Change in long-term compensated absences	(353,125)
Change in long-term retirement obligations	1,425
Deferred charge amortization	(161,723)
Net OPEB expense	(1,043,977)
Net pension expense	122,999

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

288,554
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Change in Net Assets of Governmental Activities (Exhibit II)	\$	<u>(1,709,658)</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF WOLCOTT, CONNECTICUT

## STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2012

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Assets:	
Cash and cash equivalents	\$ 1,915,402
Accounts receivable, net	11,726
Total assets	<u>1,927,128</u>
Liabilities:	
Current:	
Risk management claims	<u>420,470</u>
Net Assets:	
Unrestricted	<u>\$ 1,506,658</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, 2012

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:	
Fund premiums	\$ 5,382,833
Employee contributions	1,677,634
Total operating revenues	<u>7,060,467</u>
Operating Expenses:	
Employee claims	6,160,539
Premiums	221,237
Administrative expense	392,050
Total operating expenses	<u>6,773,826</u>
Operating Income	286,641
Nonoperating Income:	
Income on investments	<u>1,913</u>
Change in Net Assets	288,554
Net Assets at Beginning of Year	<u>1,218,104</u>
Net Assets at End of Year	<u>\$ 1,506,658</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, 2012**

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash received from premiums	\$ 5,453,635
Cash received from employees	1,677,634
Cash payments to providers of benefits	(6,795,540)
Net cash provided by operating activities	<u>335,729</u>
Cash Flows from Investing Activities:	
Income on investments	<u>1,913</u>
Net Increase in Cash and Cash Equivalents	337,642
Cash and Cash Equivalents at Beginning of Year	<u>1,577,760</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,915,402</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 286,641
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	70,802
Decrease in risk management claims reserve	<u>(21,714)</u>
Net Cash Provided by Operating Activities	<u>\$ 335,729</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, 2012

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Fund Scholarship Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 1,393,770	\$ 11,792	\$ 406,079
Investments:			
Certificate of deposits	200,208	233,091	
Corporate bonds	876,882		
Guaranteed annuity contracts	4,738,939		
Mutual funds	14,044,579		
Due from other funds			14,000
	<u>21,254,378</u>	<u>244,883</u>	<u>\$ 420,079</u>
Total assets			
Liabilities:			
Deposits held for others			\$ <u>420,079</u>
Net Assets:			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 21,254,378</u>	<u>\$ 244,883</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, 2012

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Fund  Scholarship Fund</u>
Additions:		
Contributions:		
Employer	\$ 1,502,026	\$
Plan members	76,898	
Total contributions	<u>1,578,924</u>	<u>-</u>
Investment income:		
Net decrease in fair value of investments	(353,109)	
Interest and dividends	407,782	18,214
Net investment earnings	54,673	18,214
Less investment fee expense	90,445	
Net increase (decrease) in investments	<u>(35,772)</u>	<u>18,214</u>
Total additions	<u>1,543,152</u>	<u>18,214</u>
Deductions:		
Benefits	1,483,528	
Administration	81,189	
Scholarship awards		21,003
Total deductions	<u>1,564,717</u>	<u>21,003</u>
Net Decrease in Net Assets	(21,565)	(2,789)
Net Assets Held in Trust for Pension Benefits/Trust Purposes at Beginning of Year	<u>21,275,943</u>	<u>247,672</u>
Net Assets Held in Trust for Pension Benefits/Trust Purposes at End of Year	<u>\$ 21,254,378</u>	<u>\$ 244,883</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF WOLCOTT, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Wolcott, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

#### **A. Reporting Entity**

The Town operates under the provisions of its Charter and the General Statutes of the State of Connecticut.

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

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

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

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

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

The Town is a participant with thirteen (13) other cities and towns in a joint venture, the Tunxis Recycling Operating Committee (TROC). TROC is responsible for the development, operations and management of a solid waste recycling program for all participating communities. The governing board consists of City officials appointed by each of the participating municipalities and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement amended and restated as of August 30, 1994. Expenditures of \$14951 were incurred in 2011-12 related to the Town's participation in TROC.

The unassigned fund balance for fiscal year ended June 30, 2012 as reflected in TROC's financial statements is \$.9 million. A complete set of financial statements for TROC can be obtained from TROC's administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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

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

officials appointed by each of the participating municipalities and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town expenditures to BRRFOC amounted to \$554,032 this year. The unassigned fund balance for fiscal year ended June 30, 2012 as reflected in BRRFOC's financial statements is \$3.8 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

In April 2005, BRRFOC issued \$41,920,000 in Solid Waste Revenue Refunding Bonds with interest rates varying from 3.0% to 5.0% to currently refund \$46,670,000 of outstanding special obligation bonds of the Connecticut Development Authority. The proceeds from the original bonds were loaned by the Authority to Covanta. Under the Service Agreement, the service fee is an obligation of the Contracting Municipalities to which each has pledged its full faith and credit. The current balance of the bonds outstanding is \$15,910,000.

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

## **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The *Capital Improvement Fund* accounts for the proceeds of general obligation bonds and capital grants for various construction, renovation and improvement projects.

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

#### **D. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

#### **E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables, including those for water and sewer fees and assessments, are shown net of an allowance for uncollectibles.

The allowances are computed based on historical data.

Property taxes are assessed as of October 1 and payable on July 1st. Property tax bills over \$501 are due in two installments, July 1 and January 1, except for motor vehicle bills, which are due and payable July 1. Assessments for real and personal property, including motor vehicles, are computed at 70% of assessed value. Interest on delinquent taxes is charged at a rate of 1.5% per month. Property tax revenues are recognized when they become available. Available means due or past due and collectible within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue. If taxes are unpaid prior to June 30 following the due date, a lien is placed upon real property. An amount of \$94,939 has been established as an allowance for uncollected taxes. At June 30, 2012, this represents 10% of all property taxes receivable.

#### **F. Inventories**

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

#### **G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

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

#### **H. Compensated Absences**

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

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **J. Fund Equity**

Equity in the government-wide financial statements is defined as “net assets” and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has no assets under restriction.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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

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

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

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

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

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

## **K. Accounting Estimates**

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

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

### **A. Budgetary Information**

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

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

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

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

**B. Deficit Fund Equity**

Capital Improvement Major Fund	\$ 1,184,115
Nonmajor Funds:	
Special Revenue Funds:	
Farmingbury Hills Country Club	\$ 52,855

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

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**Deposits**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$16,506,741 of the Town's bank balance of \$18,206,532 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,756,067
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,750,674</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 16,506,741</u>

### Cash Equivalents

At June 30, 2012, the Town's cash equivalents amounted to \$1,031,040. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm	*
Cutwater Asset Management - Cooperative Liquid Assets Securities System (CLASS) Plus	AAAm	*

\*Not rated

### Investments

As of June 30, 2012, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More than 10</u>
Interest-bearing investments:					
Corporate bonds	AA+ to AA-	\$ 876,882	\$	\$ 876,882	\$
Certificates of deposit	*	<u>433,299</u>	<u>33,134</u>	<u>400,165</u>	<u></u>
Total		1,310,181	<u>\$ 33,134</u>	<u>\$ 1,277,047</u>	<u>\$ -</u>
Other investments:					
Guaranteed annuity contracts		4,738,939			
Mutual funds		<u>14,044,579</u>			
Total Investments		<u>\$ 20,093,699</u>			

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

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

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

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

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's formal investment policy defines certain requirements that financial dealers and institutions must meet to become qualified bidders to provide service to the Town. At June 30, 2012, the Town's certificates of deposit were insured by federal depository insurance. The Town's other investments held in guaranteed annuity contracts and open-end mutual funds, which, because they are pooled investments rather than separate identifiable securities, are not subject to custodial credit risk.

#### 4. RECEIVABLES

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

	<u>General</u>	<u>Capital Improvement</u>	<u>Water Assessments</u>	<u>Small Cities Grant Programs</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 950,282					\$ 950,282
Accrued interest on taxes	228,016					228,016
Intergovernmental	5,185,994	579,048			187,366	5,952,408
Accounts	127,223		2,292,174	600	1,066,659	3,486,656
Other	341,707					341,707
Assessments					29,789	29,789
Loans and accrued interest on loans				1,861,852		1,861,852
Gross receivables	<u>6,833,222</u>	<u>579,048</u>	<u>2,292,174</u>	<u>1,862,452</u>	<u>1,283,814</u>	<u>12,850,710</u>
Less allowance for uncollectibles:						
Taxes	94,939					94,939
Accrued interest on taxes	58,664					58,664
Accounts			85,700		39,525	125,225
Assessments					11,600	11,600
Total allowance	<u>153,603</u>	<u>-</u>	<u>85,700</u>	<u>-</u>	<u>51,125</u>	<u>290,428</u>
Net Total Receivables	<u>\$ 6,679,619</u>	<u>\$ 579,048</u>	<u>\$ 2,206,474</u>	<u>\$ 1,862,452</u>	<u>\$ 1,232,689</u>	<u>\$ 12,560,282</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 673,157	\$	\$ 673,157
Accrued interest on delinquent property taxes	169,352		169,352
School building construction grant receivables	5,185,994		5,185,994
Advance tax collections		5,073	5,073
Other deferred revenue		18,123	18,123
Capital Improvement Fund:			
Grant drawdowns prior to meeting all eligibility requirements		15	15
Water Assessments Fund:			
Water line assessments	2,206,474		2,206,474
Small Cities Grant Programs Fund:			
Housing loans	1,861,852		1,861,852
Nonmajor funds and other funds:			
Grant drawdowns prior to meeting all eligibility requirements		38,018	38,018
Other deferred revenue	<u>305,122</u>	<u>4,600</u>	<u>309,722</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 10,401,951</u>	<u>\$ 65,829</u>	<u>\$ 10,467,780</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,695,726	\$	\$	\$ 3,695,726
Construction in progress	2,845,856	1,387,202	(912,655)	3,320,403
Total capital assets not being depreciated	<u>6,541,582</u>	<u>1,387,202</u>	<u>(912,655)</u>	<u>7,016,129</u>
Capital assets being depreciated:				
Land improvements	4,261,177			4,261,177
Buildings	55,772,202			55,772,202
Vehicles, machinery and equipment	14,831,807	480,518	(206,389)	15,105,936
Infrastructure	49,492,916	2,112,358	(562,361)	51,042,913
Total capital assets being depreciated	<u>124,358,102</u>	<u>2,592,876</u>	<u>(768,750)</u>	<u>126,182,228</u>
Less accumulated depreciation for:				
Land improvements	(2,553,596)	(95,695)		(2,649,291)
Buildings	(21,047,335)	(1,021,818)		(22,069,153)
Vehicles, machinery and equipment	(8,635,711)	(927,435)	177,355	(9,385,791)
Infrastructure	(24,658,291)	(933,973)	562,361	(25,029,903)
Total accumulated depreciation	<u>(56,894,933)</u>	<u>(2,978,921)</u>	<u>739,716</u>	<u>(59,134,138)</u>
Total capital assets being depreciated, net	<u>67,463,169</u>	<u>(386,045)</u>	<u>(29,034)</u>	<u>67,048,090</u>
Governmental Activities Capital Assets, Net	<u>\$ 74,004,751</u>	<u>\$ 1,001,157</u>	<u>\$ (941,689)</u>	<u>\$ 74,064,219</u>

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

Governmental activities:	
General government	\$ 71,734
Public safety	613,322
Public works	1,147,944
Culture and recreation	185,920
Education	<u>960,001</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,978,921</u>

**Construction Commitments**

The Town has the following active construction projects as of June 30, 2012. At year end, the Town’s projects and commitments with contractors are as follows:

	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance June 30, 2012</u>
Long Swamp Road Reconstruction	\$ 544,600	\$ 488,698	\$	\$ 55,902
Road Reconstruction and Repairs	10,653,800	2,671,780	362,193	7,619,827
Wolcott Public School Upgrades	1,800,000	4,000	244,751	1,551,249
Lower Woodtick Road Waterline	350,000	8,891	145,978	195,131
Walking Trail - Scovill Reservoir	350,000			350,000
<b>Total</b>	<u>\$ 13,698,400</u>	<u>\$ 3,173,369</u>	<u>\$ 752,922</u>	<u>\$ 9,772,109</u>

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

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 217,094
General Fund	Capital Improvement Fund	406,602
Capital Improvement Fund	General Fund	8,390
Water Assessments Fund	Nonmajor Governmental	42
Agency Funds	General Fund	14,000
		<u>\$ 646,128</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:				
General Fund	\$	\$	\$ 136,000	\$ 136,000
Capital Improvement Fund	407,796			407,796
Water Assessments Fund	500,938			500,938
Nonmajor Governmental	82,376	30,728		113,104
<b>Total Transfers In</b>	<u>\$ 991,110</u>	<u>\$ 30,728</u>	<u>\$ 136,000</u>	<u>\$ 1,157,838</u>

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

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 28,545,000	\$	\$ 2,010,000	\$ 26,535,000	\$ 2,620,000
Add: premium on refunding	1,200,697		66,093	1,134,604	
Less: deferred amounts on refunding	(984,471)		(74,848)	(909,623)	
Total bonds payable	<u>28,761,226</u>	<u>-</u>	<u>2,001,245</u>	<u>26,759,981</u>	<u>2,620,000</u>
State of Connecticut - serial notes payable	1,488,978		161,723	1,327,255	164,871
Heart and hypertension obligations	1,598,952	210,398	104,668	1,704,682	142,006
Compensated absences	2,587,942	597,592	244,467	2,941,067	272,629
Retirement obligations	12,825	76,212	77,637	11,400	1,425
Capital leases	748,210	674,464	449,752	972,922	404,283
Net pension obligation	375,250	1,379,027	1,502,026	252,251	
Net OPEB obligation	<u>3,017,734</u>	<u>1,878,949</u>	<u>834,972</u>	<u>4,061,711</u>	
<b>Total Governmental Activities Long-Term Liabilities</b>	<b><u>\$ 38,591,117</u></b>	<b><u>\$ 4,816,642</u></b>	<b><u>\$ 5,376,490</u></b>	<b><u>\$ 38,031,269</u></b>	<b><u>\$ 3,605,214</u></b>

Bonds payable at June 30, 2012 consist of the following individual issues:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount of Original Issue</u>	<u>Interest Rate (%)</u>	<u>Balance Outstanding June 30, 2012</u>
Bonds:					
School Improvements, Waterline Extensions and Farmingbury Clubhouse	03/15/02	03/15/22	\$ 14,885,000	3.00-6.50	\$ 305,000
Refunding Bond	11/15/04	08/01/19	10,125,000	3.00-4.00	4,050,000
General Improvements, Land Acquisition and Waterline Extensions	08/15/06	08/15/26	7,780,000	4.00-5.00	5,755,000
Refunding Bond	08/09/10	08/01/29	12,785,000	2.0-5.0	11,960,000
School and General Improvements	08/09/10	08/01/29	4,465,000	3.0-4.125	<u>4,465,000</u>
<b>Total Outstanding</b>					<b><u>\$ 26,535,000</u></b>

The Town will retire the bonds from General Fund revenues.

The annual requirements to amortize bonds payable as of June 30, 2012 are as follows:

<b>Due During Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	2,460,000	648,702	3,108,702
2018-2022	10,395,000	1,694,701	12,089,701
2023-2027	2,610,000	378,144	2,988,144
2028-2030	705,000	43,475	748,475
Total	<u>\$ 26,535,000</u>	<u>\$ 6,347,211</u>	<u>\$ 32,882,211</u>

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

	<b>Bonds Authorized</b>	<b>Bonded/ Paydowns</b>	<b>Grants Received</b>	<b>Notes Outstanding</b>	<b>Authorized Unissued</b>
Clinton Hill Waterline	\$ 5,420,000	\$ 3,760,000	\$ 1,548,000	\$	\$ 112,000
Road Reconstruction and Repairs	9,325,000			4,530,000	4,795,000
Various Capital Improvements - Phase	1,419,000	1,290,000			129,000
439 Bound Line Road Purchase	465,000	425,000			40,000
Walking Trail - Scovill Reservoir	350,000			100,000	250,000
Senior Center Building	452,300	375,000			77,300
Total	<u>\$ 17,431,300</u>	<u>\$ 5,850,000</u>	<u>\$ 1,548,000</u>	<u>\$ 4,630,000</u>	<u>\$ 5,403,300</u>

### Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2012:

<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate (%)</b>	<b>Balance July 1, 2011</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance June 30, 2012</b>
10/19/11	10/25/12	1.50	\$ -	\$ 7,280,000	\$ -	\$ 7,280,000

### Heart and Hypertension Obligations

The Town's estimated liability for heart and hypertension obligations as of June 30, 2012 is \$1,704,682. Currently, two spousal beneficiaries receive weekly benefit payments that are subject to annual COLA adjustments. Total benefit payments and adjustments increased the estimated liability by \$105,730 during the year. The total estimated liability has been established based upon a life expectancy assumption for each individual receiving weekly benefit payments.

### Compensated Absences

Employees can accumulate additional amounts of unused sick leave (as determined by individual union contracts) payable upon termination of their employment. In addition, Board of Education administrators are eligible for a severance amount relating to a percentage of final year salary as determined by union contract. The vested and nonvested estimated liabilities at June 30, 2012 are summarized as follows:

Town:		
Vested:		
Sick	\$	682,109
Board of Education:		
Vested:		
Sick		569,890
Severance		85,526
Nonvested:		
Sick*		1,362,147
Severance*		241,395
		<hr/>
Total	\$	<u>2,941,067</u>

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

### Retirement Obligations

The liability for retirement obligations to retired employees of the Board of Education as of June 30, 2012 is \$11,400. This amount consists of payments due to retired individuals for compensated absences and annuity payments and will be paid out as follows:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 1,425
2014	1,425
2015	1,425
2016	1,425
2017	1,425
2018-2020	4,275
	<hr/>
Total	\$ <u>11,400</u>

**Lease Purchase Agreements**

The Town has entered into multi-year capital leases for the purchase of various items of equipment including public works and public safety vehicles and computer equipment. The following is a summary of capital lease commitments as of June 30, 2012:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 430,577
2014	335,935
2015	185,352
2016	<u>182,521</u>
Total lease payments	1,134,385
Less amount representing interest	<u>(161,463)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 972,922</u></u>

**State of Connecticut Clean Water Fund - Project Loan**

The State of Connecticut Department of Environmental Protection has provided Clean Water financing in the form of Permanently Financed Loans to the City of Waterbury for sewage treatment plant upgrades. Pursuant to the provisions of the Waterbury/Wolcott Intermunicipal Agreement regarding the sewage treatment plant upgrade project CWF-201, the Town is responsible for \$3,089,815 of the total cost representing 3.475% of the capital project cost. The Town will directly pay its proportionate share of the project costs to the State of Connecticut. The outstanding principal balance that the Town is responsible for is \$1,327,255 as of June 30, 2012. The permanently financed loans mature over 20 years with a coupon rate of 2%.

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

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 164,871	\$ 25,039	\$ 189,910
2014	168,081	21,712	189,793
2015	166,532	18,357	184,889
2016	168,908	15,013	183,921
2017	160,611	11,700	172,311
2018-2020	<u>498,252</u>	<u>15,511</u>	<u>513,763</u>
Total	<u><u>\$ 1,327,255</u></u>	<u><u>\$ 107,332</u></u>	<u><u>\$ 1,434,587</u></u>

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

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

Category	(thousands)		
	Debt Limitation*	Net Indebtedness	Balance
General purpose	\$ 70,382	\$ 12,030	\$ 58,352
Schools	140,765	9,668	131,097
Sewers	117,304	1,327	115,977
Urban renewal	101,663		101,663
Pension deficit	93,843		93,843

\*In no case shall total indebtedness exceed seven times annual receipts from taxation (\$219 million).

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

Water bonds of \$3,720 are excluded in accordance with State Statutes. Accordingly, water debt authorized and unissued totaling \$112 has also been excluded.

**8. FUND BALANCE**

The various components of fund balance at June 30, 2012 are as follows:

	Major Special Revenue Funds					Total
	General Fund	Water Assessments Fund	Small Cities Grant Programs Fund	Capital Improvement Fund	Nonmajor Governmental Funds	
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 26,448	\$ 26,448
Restricted for:						
Grants			68,097		160,059	228,156
Donations					1,837	1,837
Committed to:						
Recreation					100,512	100,512
Public safety					134,981	134,981
Education					544,853	544,853
Planning and zoning					198,434	198,434
General government					152,958	152,958
Debt		1,690,901			1,525,000	3,215,901
Assigned to:						
Education	178,564					178,564
Unassigned	<u>2,542,999</u>			<u>(1,184,115)</u>	<u>(32,938)</u>	<u>1,325,946</u>
Total Fund Balances	<u>\$ 2,721,563</u>	<u>\$ 1,690,901</u>	<u>\$ 68,097</u>	<u>\$ (1,184,115)</u>	<u>\$ 2,812,144</u>	<u>\$ 6,108,590</u>

Significant encumbrances at June 30, 2012 are contained in the above table in the assigned category of the General Fund.

**9. RISK MANAGEMENT**

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. Generally, the Town obtains commercial insurance for these risks but has chosen to retain the risk for the Town and Board of Education employees' medical claims. This fund is reported as an Internal Service Fund.

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

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

The self-insurance program is being administered by a professional benefit administrator (the administrator). When a claim is submitted, the administrator processes and pays the claim from funds accumulated by the Town in an Internal Service Fund. The Internal Service Fund is funded by the Town and Board of Education based upon the recommended level of contribution as established by the Medical Benefits Committee (MBC). The recommendation is based upon an analysis of past and current experience levels and reserve requirements and determined by the MBC. The claim liability of \$420,470 included in accrued liabilities reported in the Internal Service Fund at June 30, 2012 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The changes in the claims liability were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2010-11	\$ 436,535	\$ 6,269,451	\$ 6,263,802	\$ 442,184
2011-12	442,184	6,138,825	6,160,539	420,470

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

**A. Plan Description**

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

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

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

## **B. Funding Policy**

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

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

### **Town of Wolcott**

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

### **Board of Education**

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

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

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

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

	<b>Post-Employment Welfare Program</b>
Annual required contribution (ARC)	\$ 1,943,041
Interest on net OPEB obligation	120,710
Adjustment to annual required contribution	<u>(184,802)</u>
Annual OPEB Cost	1,878,949
Contributions made	<u>834,972</u>
Increase in net OPEB obligation	1,043,977
Net OPEB obligation - beginning of year	<u>3,017,734</u>
Net OPEB Obligation - End of Year	<u><u>\$ 4,061,711</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, 2012 is presented below.

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2010	\$ 1,738,605	\$ 917,562	52.78%	\$ 2,235,629
6/30/2011	1,813,886	1,031,781	56.88%	3,017,734
6/30/2012	1,878,949	834,972	44.44%	4,061,711

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

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

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

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using the market value method. The UAAL is being amortized on a closed level dollar basis with a remaining amortization period at July 1, 2010 of 27 years.

## 11. PENSION PLANS

### Pension Trust Fund

#### A. Plan Description

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

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

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

Plan membership consisted of the following:

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

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

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

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

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

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

**Plan Changes:**

### Town General Pension Plan

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

### Board of Education General Pension Plan

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

## **C. Funding Policy**

### Town General Pension Plan

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

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

Board of Education General Pension Plan

The Board of Education's funding policy is to contribute an amount comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability using the Frozen Initial Liability cost method. The Board of Education's contribution rate was 16.4% of covered payroll.

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

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

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

	<u>Town General Pension Plan</u>	<u>Board of Education General Pension Plan</u>
Annual required contribution	\$ 856,294	\$ 517,029
Interest on net pension obligation	15,705	13,420
Adjustment to annual required contribution	<u>(11,748)</u>	<u>(11,673)</u>
Annual pension cost	860,251	518,776
Contributions made	<u>(984,997)</u>	<u>(517,029)</u>
Increase (decrease) in net pension obligation	(124,746)	1,747
Net pension obligation - beginning of year	<u>196,317</u>	<u>178,933</u>
Net Pension Obligation - End of Year	<u>\$ 71,571</u>	<u>\$ 180,680</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, 2011	September 1, 2010
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll Closed	Level Percent of Payroll Closed
Remaining Amortization Period	28	27
Asset Valuation Method	Smoothed Market	Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	8.0%	7.5%
Projected Salary Increase:		
General employees	0-7.94%	4%

**E. Trend Information**

<b>Town General Pension Plan</b>				
<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2010	\$ 948,808	\$ 657,301	69.28%	\$ 417,929
6/30/2011	987,981	1,209,593	122.43%	196,317
6/30/2012	860,251	984,997	114.50%	71,571

<b>Board of Education General Pension Plan</b>				
<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2010	\$ 482,947	\$ 485,007	100.43%	\$ 209,699
6/30/2011	495,724	526,490	106.21%	178,933
6/30/2012	518,776	517,029	99.66%	180,680

**F. Pension Plan Required Supplementary Information**

<b>Schedule of Funding Progress - Town General Pension Plan</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
1/1/2005	\$ 9,448,370	\$ 12,571,949	\$ 3,123,579	75%	\$ 4,299,852	73%
1/1/2006	10,441,953	13,407,571	2,965,618	78%	4,302,962	69%
1/1/2007	11,427,597	14,315,426	2,887,829	80%	4,707,489	61%
1/1/2008	12,495,945	15,097,633	2,601,688	83%	5,043,697	52%
1/1/2009	11,055,040	17,580,084	6,525,044	63%	5,766,844	113%
1/1/2011	13,892,200	19,341,991	5,449,791	72%	5,126,851	106%

<b>Schedule of Employer Contributions</b>		
	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/2007	\$ 645,238	100%
6/30/2008	637,778	102
6/30/2009	611,505	101
6/30/2010	945,999	70
6/30/2011	979,110	124
6/30/2012	856,294	115

**Board of Education General Pension Plan**

The September 1, 2010 actuarial valuation was performed using the projected unit credit cost method.

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

<b>Schedule of Funding Progress - Board of Education General Pension Plan</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
9/1/2004	\$ 7,389,490	\$ 8,148,948	\$ 759,458	91%	\$ 2,151,107	35%
9/1/2005	7,689,237	8,391,938	702,701	92%	2,266,188	31%
9/1/2006	7,958,643	8,706,014	747,371	91%	2,399,453	31%
9/1/2007	8,102,724	9,434,205	1,331,481	86%	2,751,626	48%
9/1/2008	8,165,036	9,655,497	1,490,461	85%	2,825,447	53%
9/1/2010	8,708,501	10,765,662	2,057,161	81%	3,148,618	65%

<b>Schedule of Employer Contributions</b>		
	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/2007	\$ 363,972	89%
6/30/2008	364,650	100
6/30/2009	470,861	100
6/30/2010	483,007	100
6/30/2011	497,497	106
6/30/2012	517,029	100

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

**Pension Trust Funds**

The Town maintains two pension trust funds (Town General Pension and Board of Education General Pension) to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at June 30, 2012 and the changes in net assets for the year then ended.

**Schedule of Plan Net Assets**

	<u>Town</u>	<u>Board of Education</u>	<u>Totals</u>
Assets:			
Cash and cash equivalents	\$ 1,393,770	\$ _____	\$ 1,393,770
Investments:			
Certificates of deposit	200,208		200,208
Corporate bonds	876,882		876,882
Guaranteed annuity contracts		4,738,939	4,738,939
Mutual funds	10,235,278	3,809,301	14,044,579
Total investments	<u>11,312,368</u>	<u>8,548,240</u>	<u>19,860,608</u>
Total Assets	<u>\$ 12,706,138</u>	<u>\$ 8,548,240</u>	<u>\$ 21,254,378</u>
Net Assets:			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 12,706,138</u>	<u>\$ 8,548,240</u>	<u>\$ 21,254,378</u>

**Schedule of Changes in Plan Net Assets**

	<u>Town</u>	<u>Board of Education</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 984,997	\$ 517,029	\$ 1,502,026
Plan members	76,898		76,898
Total contributions	<u>1,061,895</u>	<u>517,029</u>	<u>1,578,924</u>
Investment income:			
Net increase (decrease) in fair value of investments	(671,768)	318,659	(353,109)
Interest and dividends	152,776	255,006	407,782
	<u>(518,992)</u>	<u>573,665</u>	<u>54,673</u>
Less investment fee expense	66,201	24,244	90,445
Net investment income (loss)	<u>(585,193)</u>	<u>549,421</u>	<u>(35,772)</u>
Total additions	<u>476,702</u>	<u>1,066,450</u>	<u>1,543,152</u>
Deductions:			
Benefits	839,214	644,314	1,483,528
Administration	31,894	49,295	81,189
Total deductions	<u>871,108</u>	<u>693,609</u>	<u>1,564,717</u>
Net increase (decrease)	(394,406)	372,841	(21,565)
Net assets at beginning of year	<u>13,100,544</u>	<u>8,175,399</u>	<u>21,275,943</u>
Net Assets at End of Year	<u>\$ 12,706,138</u>	<u>\$ 8,548,240</u>	<u>\$ 21,254,378</u>

## **Money Purchase Defined Contribution Pension Plan**

Effective July 1, 2011 the Town established a defined contribution pension plan to recognize the contributions made to the successful operation of the Town by its employees and to reward such contributions by providing retirement benefits to eligible participants under this plan. The Trustee of the plan is ING National Trust with the Town serving as the plan administrator. The initial plan year will be a short year from July 1, 2011 to December 31, 2011. Subsequent plan years will run from January 1<sup>st</sup> to December 31<sup>st</sup> annually. Employees who are 18 years of age and 1,000 hours of service to the Town shall become participants under the plan. Employees who are eligible under the Town's defined benefit pension plan are excluded from participation in this plan. The Town contributes 6% of the employee's salary to the plan. Employees are obligated to make a mandatory contribution of 3% with a maximum of 10% of aggregate compensation. Town and employee contributions for fiscal year 2012 were \$5,720 and \$2,870, respectively. Employees will be 100% vested in mandatory participant contributions. Participants will vest in accordance with the following schedule in regards to Town contributions:

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

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

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

## **State of Connecticut Teachers' Retirement Fund**

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$15,866,789 or 76.5% of the total Board of Education payroll of \$20,737,391. The teachers' contributions totaled \$1,150,342 for the year ended June 30, 2012.

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, 2012, the Town has recorded, in the General Fund, revenues and expenditures in the amount of \$3,258,566 as payments made by the State of Connecticut on behalf of the Town. The Town has no liability for teachers' pensions.

## **12. LITIGATION AND CONTINGENCIES**

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

**TOWN OF WOLCOTT, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes:				
Current levy	\$ 30,442,973	\$ 30,442,973	\$ 30,355,940	\$ (87,033)
Prior year levies	625,000	625,000	623,376	(1,624)
Interest, liens and miscellaneous	301,000	301,000	297,620	(3,380)
Total property taxes	<u>31,368,973</u>	<u>31,368,973</u>	<u>31,276,936</u>	<u>(92,037)</u>
Licenses and permits:				
Town Clerk	262,500	262,500	188,326	(74,174)
Planning and Zoning	20,000	20,000	15,875	(4,125)
Building permits	85,000	85,000	82,479	(2,521)
Recycling permits	17,000	17,000	14,309	(2,691)
Police Department permits	3,650	3,650	10,685	7,035
Total licenses and permits	<u>388,150</u>	<u>388,150</u>	<u>311,674</u>	<u>(76,476)</u>
Federal, state and local grants:				
Education equalization grant	13,539,371	13,539,371	13,561,773	22,402
Transportation	146,758	146,758	149,041	2,283
School bond and interest subsidies	526,000	526,000	658,760	132,760
Revenue sharing			186,430	186,430
Local capital improvement	118,789	118,789	115,597	(3,192)
Elderly tax relief - circuit breaker	163,171	163,171	148,625	(14,546)
Veterans exemption tax relief	26,260	26,260	25,507	(753)
Manufacturing exemption tax relief	165,998	165,998		(165,998)
Elderly tax relief - freeze	1,999	1,999	4,000	2,001
Totally disabled tax relief	3,144	3,144	3,099	(45)
State-owned property	2,095	2,095	2,095	-
Regional Water Authority - PILOT program	7,525	7,525	7,525	-
Town aid road	151,459	151,459	151,441	(18)
Library grant	2,000	2,000	1,241	(759)
Boating safety	4,800	4,800		(4,800)
Pequot grant	70,880	70,880	67,048	(3,832)
Adult education	4,603	4,603	4,552	(51)
Medicare reimbursement	20,000	20,000	11,958	(8,042)
Civil preparedness	2,400	2,400		(2,400)
Commercial new truck exemption	23,487	23,487		(23,487)
Total federal, state and local grants	<u>14,980,739</u>	<u>14,980,739</u>	<u>15,098,692</u>	<u>117,953</u>
Charges for services:				
Special education - tuition	60,000	60,000	74,543	14,543
Tuition - other towns	29,000	29,000	41,304	12,304
Inland Wetlands	2,500	2,500	689	(1,811)
Outside activities	8,250	8,250	8,650	400
Ambulance service fees	135,000	135,000	105,000	(30,000)
Parks and recreation	17,000	17,000	16,540	(460)
Commercial refuse hauler	78,001	78,001	99,450	21,449
Zoning Board of Appeals	1,000	1,000	500	(500)
Records money	2,700	2,700	725	(1,975)
In-kind services	12,000	12,000	12,000	-
Total charges for services	<u>345,451</u>	<u>345,451</u>	<u>359,401</u>	<u>13,950</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, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Investment income:				
Interest on investments	\$ 20,000	\$ 20,000	\$ 3,922	\$ (16,078)
Other revenues:				
Library fines	11,000	11,000	12,326	1,326
False alarm fines	3,500	3,500	25	(3,475)
Vital statistics	140	140	106	(34)
Telephone access grant	44,000	44,000	48,288	4,288
Pavilion	1,000	1,000	2,725	1,725
Unanticipated revenues	61,973	61,973	149,417	87,444
Total other revenues	<u>121,613</u>	<u>121,613</u>	<u>212,887</u>	<u>91,274</u>
Other financing sources:				
Transfers in:				
Farmingbury Golf Course	82,376	82,376	82,376	-
Assessment collections and residual bonds funds	991,267	991,267	908,734	(82,533)
Total other financing sources	<u>1,073,643</u>	<u>1,073,643</u>	<u>991,110</u>	<u>(82,533)</u>
Total	<u>\$ 48,298,569</u>	<u>\$ 48,298,569</u>	48,254,622	<u>\$ (43,947)</u>

Budgetary revenues are different than GAAP revenues because:

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

3,258,566

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

674,464

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.

906,335

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

\$ 53,093,987

## 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, 2012

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General government:				
Mayor's Office	\$ 200,976	\$ 201,205	\$ 201,154	\$ 51
Treasurer's Office	114,169	112,621	112,373	248
Finance Office	253,085	254,633	254,633	-
Town Council	72,785	72,785	72,032	753
Town Clerk	171,376	171,376	169,431	1,945
Tax Collector	177,289	177,289	171,890	5,399
Assessor	266,288	266,872	257,708	9,164
Board of Tax Review	4,725	4,725	1,632	3,093
Building Inspector	63,921	63,921	63,439	482
Planning and Zoning	82,780	82,196	80,722	1,474
Inland/Wetlands Conservation	9,961	9,961	6,059	3,902
Industrial Development	2,800	2,800	497	2,303
Zoning Board of Appeals	3,550	3,550	1,994	1,556
Registrar of Voters	78,687	78,687	75,293	3,394
Other general government:				
Wages	242,740	253,003	253,003	-
Benefits and insurance	1,854,726	1,840,881	1,840,881	-
Legal and consulting	75,000	83,917	83,917	-
Tri-town health district	109,725	125,934	125,934	-
Refuse and recycling	1,490,000	1,521,659	1,519,661	1,998
Liability insurance	55,000	53,784	53,775	9
Street lighting	103,000	97,780	97,780	-
Other	263,682	256,061	254,967	1,094
Total general government	<u>5,696,265</u>	<u>5,735,640</u>	<u>5,698,775</u>	<u>36,865</u>
Public safety:				
Police Department	3,142,643	3,177,445	3,167,124	10,321
Public Safety Communications	373,290	369,301	369,242	59
Animal Control Officer	49,985	59,326	59,326	-
Public Safety Buildings	104,763	87,525	84,195	3,330
Fire Department	669,332	669,332	656,013	13,319
Fire Marshal	47,025	47,025	44,955	2,070
Civil preparedness	24,366	24,366	17,039	7,327
Emergency Planning Commission	29,227	29,227	27,331	1,896
Volunteer Ambulance	403,360	403,360	399,663	3,697
Total public safety	<u>4,843,991</u>	<u>4,866,907</u>	<u>4,824,888</u>	<u>42,019</u>
Public works:				
Highways and streets	<u>2,089,109</u>	<u>2,065,268</u>	<u>1,983,200</u>	<u>82,068</u>
Health and welfare:				
Commission on Aging	131,659	131,659	126,830	4,829
Commission for Handicapped	<u>37,348</u>	<u>37,348</u>	<u>33,690</u>	<u>3,658</u>
Total health and welfare	<u>169,007</u>	<u>169,007</u>	<u>160,520</u>	<u>8,487</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, 2012

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Culture and recreation:				
Parks and recreation	\$ 191,932	\$ 191,932	\$ 180,394	\$ 11,538
Library	526,107	526,107	502,377	23,730
Total culture and recreation	<u>718,039</u>	<u>718,039</u>	<u>682,771</u>	<u>35,268</u>
Board of Education	<u>31,470,976</u>	<u>31,470,976</u>	<u>31,424,228</u>	<u>46,748</u>
Debt service:				
Principal and interest:				
School bonds	1,730,273	1,730,273	1,730,273	-
General improvement bonds	886,550	886,550	886,550	-
Sewer bonds	122,475	122,475	122,475	-
Water bonds	378,464	378,464	378,464	-
Capital leases	18,970	18,970	18,861	109
Total debt service	<u>3,136,732</u>	<u>3,136,732</u>	<u>3,136,623</u>	<u>109</u>
Other financing uses:				
Transfers out:				
Capital and Nonrecurring Fund	148,450	110,000	110,000	-
Farmingbury Hills Country Club	26,000	26,000	26,000	-
Total other financing uses	<u>174,450</u>	<u>136,000</u>	<u>136,000</u>	<u>-</u>
Total	<u>\$ 48,298,569</u>	<u>\$ 48,298,569</u>	48,047,005	<u>\$ 251,564</u>

Budgetary expenditures are different than GAAP expenditures because

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

3,258,566

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.

(178,564)

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.

161,990

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

674,464

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.906,335Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,  
Expenditures and Changes in Fund Balances - Exhibit IV\$ 52,869,796

## TOWN OF WOLCOTT, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,732,547	\$ 3,200,943
Receivables:		
Property taxes receivable, net	855,343	990,639
Property taxes accrued interest receivable, net	169,352	245,740
Intergovernmental receivable:		
School building grants receivable	5,185,994	5,748,790
Other grants receivable	341,707	194,778
Accounts receivable	127,223	181,570
Due from other funds	<u>623,696</u>	<u>547,819</u>
Total Assets	<u>\$ 10,035,862</u>	<u>\$ 11,110,279</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,240,210	\$ 761,372
Due to other funds	22,390	112,317
Deferred revenues	6,051,699	7,739,218
Total liabilities	<u>7,314,299</u>	<u>8,612,907</u>
Fund balance:		
Assigned	178,564	161,990
Unassigned	2,542,999	2,335,382
Total fund balance	<u>2,721,563</u>	<u>2,497,372</u>
Total Liabilities and Fund Balance	<u>\$ 10,035,862</u>	<u>\$ 11,110,279</u>

**TOWN OF WOLCOTT, CONNECTICUT  
GENERAL FUND  
REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2012**

Grand List	Uncollected Taxes July 1, 2011	Lawful Corrections		Transfers to Suspend	Adjusted Taxes Collectible	Taxes Collected	Interest and Lien Fees	Total Remitted to Treasurer	Uncollected Taxes June 30, 2012
		Additions	Deductions						
2010	\$ 31,018,368	\$ 21,873	\$ 48,746	\$ 12,436	\$ 30,979,059	\$ 30,363,864	\$ 124,653	\$ 30,488,517	\$ 615,195
2009	646,932	1,813	7,061	12,621	629,063	443,504	100,776	544,280	185,559
2008	211,147	224	2,404	21,125	187,842	128,717	36,658	165,375	59,125
2007	86,350		1,822	17,495	67,033	22,993	14,672	37,665	44,040
2006	76,197	264	1,646	48,366	26,449	10,956	9,295	20,251	15,493
2005	55,750		1,306	36,449	17,995	2,344	4,369	6,713	15,651
2004	22,907	232	422	14,531	8,186	951	2,770	3,721	7,235
2003	9,385			6,848	2,537		774	774	2,537
2002	1,812		453	340	1,019		1,091	1,091	1,019
2001	1,292			324	968		1,196	1,196	968
2000	1,304			339	965		471	471	965
1999	1,108				1,108		715	715	1,108
1998	773				773		730	730	773
1997	614				614		1,305	1,305	614
1996	561		561	*	-		362	362	-
	\$ 32,134,500	\$ 24,406	\$ 64,421	\$ 170,874	\$ 31,923,611	\$ 30,973,329	\$ 299,837	\$ 31,273,166	\$ 950,282

Prior year refunds expended

Suspend collections

Property taxes receivable considered available:

June 30, 2011

June 30, 2012

Total Property Tax Revenue

16,985	
8,422	
(203,823)	
182,186	
<u>\$ 31,276,936</u>	

\*Operation of law

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

**JUNE 30, 2012**

	Special Revenue Funds							
	Farmingbury Hills Country Club	Acquired Facilities Woodtick Recreation Area	Miscellaneous Grants and Programs	Police Department Asset Forfeiture	Police Donations	Sewer Usage	Sewer Assessments	Water Usage
<b>ASSETS</b>								
Cash and cash equivalents	\$ 62,513	\$ 98,706	\$ 39,748	\$ 559	\$ 11,120	\$ 866,904	\$ 189,266	\$ 177,550
Accounts receivable, net				345		874,255	18,231	70,130
Intergovernmental receivable			113,328					
Inventory								
<b>Total Assets</b>	<u>\$ 62,513</u>	<u>\$ 98,706</u>	<u>\$ 153,076</u>	<u>\$ 904</u>	<u>\$ 11,120</u>	<u>\$ 1,741,159</u>	<u>\$ 207,497</u>	<u>\$ 247,680</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts and other payables	\$ 7,013	\$ 4,454	\$ 3,790		\$ 836	\$ 221,911		\$ 161,288
Due to other funds	108,355		108,739					42
Deferred revenue			3,330			214,162	18,189	55,744
Total liabilities	<u>115,368</u>	<u>4,454</u>	<u>115,859</u>	<u>-</u>	<u>836</u>	<u>436,073</u>	<u>18,189</u>	<u>217,074</u>
<b>Fund balances:</b>								
Nonspendable								
Restricted			17,300	904				
Committed		94,252			10,284	1,305,086	189,308	30,606
Unassigned	(52,855)		19,917					
Total fund balances	<u>(52,855)</u>	<u>94,252</u>	<u>37,217</u>	<u>904</u>	<u>10,284</u>	<u>1,305,086</u>	<u>189,308</u>	<u>30,606</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 62,513</u>	<u>\$ 98,706</u>	<u>\$ 153,076</u>	<u>\$ 904</u>	<u>\$ 11,120</u>	<u>\$ 1,741,159</u>	<u>\$ 207,497</u>	<u>\$ 247,680</u>

(Continued on next page)

TOWN OF WOLCOTT, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

	Special Revenue Funds							
	Dog Fund	Education Special Grants and Programs	School Lunch	Peterson Park	Planning and Zoning	Open Space	LOCIP Land Preservation	Police Private Duty
<b>ASSETS</b>								
Cash and cash equivalents	\$ 5,790	\$ 24,980	\$ 347,562	\$ 6,195	\$ 198,434	\$ 55,192	\$ 70,467	\$ 64,235
Accounts receivable, net	9,060		2,121	65	4,600		690	62,473
Intergovernmental receivable		25,214	48,824					
Inventory			26,448					
Total Assets	\$ 14,850	\$ 50,194	\$ 424,955	\$ 6,260	\$ 203,034	\$ 55,192	\$ 71,157	\$ 126,708
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts and other payables	\$ 9,768	\$	\$ 2,636	\$	\$	\$	\$	\$ 7,093
Due to other funds								
Deferred revenue		34,688	17,027		4,600			
Total liabilities	9,768	34,688	19,663	-	4,600	-	-	7,093
Fund balances:								
Nonspendable			26,448					
Restricted		15,506				55,192	71,157	119,615
Committed	5,082		378,844	6,260	198,434			
Unassigned								
Total fund balances	5,082	15,506	405,292	6,260	198,434	55,192	71,157	119,615
Total Liabilities and Fund Balances	\$ 14,850	\$ 50,194	\$ 424,955	\$ 6,260	\$ 203,034	\$ 55,192	\$ 71,157	\$ 126,708

(Continued on next page)

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

**JUNE 30, 2012**

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Insurance Claims	FHCC Monument/Plaque Donations	Senior Center	Board of Education Summer Studies	Latch Key Program	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 35,177	\$ 1,837	\$ 2,347	\$ 37,354	\$ 128,743	\$ 2,536,760
Accounts receivable, net	3,353					1,045,323
Intergovernmental receivable						187,366
Inventory						26,448
<b>Total Assets</b>	<u>\$ 38,530</u>	<u>\$ 1,837</u>	<u>\$ 2,347</u>	<u>\$ 37,354</u>	<u>\$ 128,743</u>	<u>\$ 3,795,897</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts and other payables	\$	\$	\$	\$	88	\$ 418,877
Due to other funds						217,136
Deferred revenue						347,740
Total liabilities					88	<u>983,753</u>
<b>Fund balances:</b>						
Nonspendable						26,448
Restricted	38,530	1,837	2,347	37,354	128,655	161,896
Committed						2,656,738
Unassigned						(32,938)
Total fund balances	<u>38,530</u>	<u>1,837</u>	<u>2,347</u>	<u>37,354</u>	<u>128,655</u>	<u>2,812,144</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 38,530</u>	<u>\$ 1,837</u>	<u>\$ 2,347</u>	<u>\$ 37,354</u>	<u>\$ 128,743</u>	<u>\$ 3,795,897</u>

TOWN OF WOLCOTT, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds							
	Farmingbury Hills Country Club	Acquired Facilities Woodtick Recreation Area	Miscellaneous Grants and Programs	Police Department Asset Forfeiture	Police Donations	Sewer Usage	Sewer Assessments	Water Usage
Revenues:	\$	\$	\$	\$	\$	\$	\$	\$
Licenses, permits and other charges			445,774					
Intergovernmental revenues		92,876				802,293	16,405	318,635
Charges for services	4	4	11			1,149	25	5
Income on investments	3		7,324	345	7,969	302		
Other								
Total revenues	<u>511,971</u>	<u>92,880</u>	<u>453,109</u>	<u>345</u>	<u>7,969</u>	<u>803,744</u>	<u>16,430</u>	<u>333,103</u>
Expenditures:								
Current:								
General government			27,266		6,137			
Public safety			210,397			614,618		280,483
Public works			142,173					
Health and welfare								
Culture and recreation	425,709	79,317	52,676					
Education								
Capital outlay	9,779					7,628		
Debt service	435,488	79,317			6,137	190,025		
Total expenditures	<u>435,488</u>	<u>79,317</u>	<u>432,512</u>	<u>-</u>	<u>6,137</u>	<u>812,271</u>	<u>-</u>	<u>280,483</u>
Excess (Deficiency) of Revenues over Expenditures	<u>76,483</u>	<u>13,563</u>	<u>20,597</u>	<u>345</u>	<u>1,832</u>	<u>(8,527)</u>	<u>16,430</u>	<u>52,620</u>
Other Financing Sources (Uses):								
Transfers in	26,000							
Transfers out	(82,376)							
Total other financing sources (uses)	<u>(56,376)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>20,107</u>	<u>13,563</u>	<u>20,597</u>	<u>345</u>	<u>1,832</u>	<u>(8,527)</u>	<u>16,430</u>	<u>52,620</u>
Fund Balances at Beginning of Year	<u>(72,962)</u>	<u>80,689</u>	<u>16,620</u>	<u>559</u>	<u>8,452</u>	<u>1,313,613</u>	<u>172,878</u>	<u>(22,014)</u>
Fund Balances at End of Year	<u>\$(52,855)</u>	<u>\$ 94,252</u>	<u>\$ 37,217</u>	<u>\$ 904</u>	<u>\$ 10,284</u>	<u>\$ 1,305,086</u>	<u>\$ 189,308</u>	<u>\$ 30,606</u>

(Continued on next page)

TOWN OF WOLCOTT, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds							
	Dog Fund	Education Special Grants and Programs	School Lunch	Peterson Park	Planning and Zoning	Open Space	LOCIP Land Preservation	Police Private Duty
Revenues:								
Licenses, permits and other charges	\$ 16,034	\$	\$	\$	\$	\$ 1,900	\$ 8,613	\$
Intergovernmental revenues		1,723,228	344,145					
Charges for services	1,397	11,563	757,429	3	2,300	86		285,908
Income on investments				909	28			
Other	315							
Total revenues	<u>17,746</u>	<u>1,734,791</u>	<u>1,101,574</u>	<u>912</u>	<u>2,328</u>	<u>1,986</u>	<u>8,613</u>	<u>285,908</u>
Expenditures:								
Current:								
General government	23,991							239,385
Public safety								
Public works								
Health and welfare								
Culture and recreation								
Education		1,736,463	1,115,667					
Capital outlay								
Debt service								
Total expenditures	<u>23,991</u>	<u>1,736,463</u>	<u>1,115,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,385</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(6,245)</u>	<u>(1,672)</u>	<u>(14,093)</u>	<u>912</u>	<u>2,328</u>	<u>1,986</u>	<u>8,613</u>	<u>46,523</u>
Other Financing Sources (Uses):								
Transfers in								
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(6,245)</u>	<u>(1,672)</u>	<u>(14,093)</u>	<u>912</u>	<u>2,328</u>	<u>1,986</u>	<u>8,613</u>	<u>46,523</u>
Fund Balances at Beginning of Year	<u>11,327</u>	<u>17,178</u>	<u>419,385</u>	<u>5,348</u>	<u>196,106</u>	<u>53,206</u>	<u>62,544</u>	<u>73,092</u>
Fund Balances at End of Year	<u>\$ 5,082</u>	<u>\$ 15,506</u>	<u>\$ 405,292</u>	<u>\$ 6,260</u>	<u>\$ 198,434</u>	<u>\$ 55,192</u>	<u>\$ 71,157</u>	<u>\$ 119,615</u>

(Continued on next page)

TOWN OF WOLCOTT, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds
	Insurance Claims	FHCC Monument/Plaque Donations	Senior Center	Board of Education Summer Studies	Board of Education Latch Key Program	Capital and Nonrecurring Fund		
Revenues:	\$	\$	\$	\$	\$	\$	\$	\$
Licenses, permits and other charges								26,547
Intergovernmental revenues								2,513,147
Charges for services				41,879	327,632			3,170,281
Income on investments						145		1,460
Other	33,409	300	571					65,910
Total revenues	<u>33,409</u>	<u>300</u>	<u>571</u>	<u>41,879</u>	<u>327,632</u>	<u>145</u>		<u>5,777,345</u>
Expenditures:								
Current:								
General government								27,266
Public safety	13,641							493,551
Public works	6,686							1,043,960
Health and welfare			26					26
Culture and recreation				44,727	272,507			557,702
Education								3,169,364
Capital outlay								7,628
Debt service								199,804
Total expenditures	<u>20,327</u>	<u>-</u>	<u>26</u>	<u>44,727</u>	<u>272,507</u>	<u>-</u>		<u>5,499,301</u>
Excess (Deficiency) of Revenues over Expenditures	<u>13,082</u>	<u>300</u>	<u>545</u>	<u>(2,848)</u>	<u>55,125</u>	<u>145</u>		<u>278,044</u>
Other Financing Sources (Uses):								
Transfers in								136,000
Transfers out								(113,104)
Total other financing sources (uses)								22,896
Net Change in Fund Balances	13,082	300	545	(2,848)	55,125	79,417		300,940
Fund Balances at Beginning of Year	25,448	1,537	1,802	40,202	73,530	32,664		2,511,204
Fund Balances at End of Year	<u>\$ 38,530</u>	<u>\$ 1,837</u>	<u>\$ 2,347</u>	<u>\$ 37,354</u>	<u>\$ 128,655</u>	<u>\$ 112,081</u>		<u>\$ 2,812,144</u>

TOWN OF WOLCOTT, CONNECTICUT

CAPITAL IMPROVEMENT FUND

PROJECT STATUS SUMMARY

FOR THE YEAR ENDED JUNE 30, 2012

Project Description	Fund Balance July 1, 2011	Revenues			Expenditures		Transfers In (Out)	Fund Balance June 30, 2012
		Capital Grants	Investment Income	Other Income	Capital Outlay			
<b>Current Capital Bonding Projects</b>								
Communications Center	\$ (23,039)	\$	255	\$	\$	(157,086)	\$	(179,870)
Youth Center	56,283		37		10,017	(28,821)		17,482
439 Bound Line Road Purchase	7		28			(32)		3
Clinton Hill Waterline	11,349		19					11,368
Various Capital Projects - Phase I					30,728	30,728		-
Various Capital Projects - Phase II	25,093		26			(25,119)		-
Various Capital Projects - Phase III				80,158	1,493,249			(1,413,091)
<b>Other Capital Projects</b>								
Road Improvements - Nutmeg Valley/Rt. 69	234,996	949,308			949,308			234,996
Biology Lab - WHS	13,619							13,619
DAM Repairs	17,959							17,959
BOE Physics Lab	11,742					(13,618)		(1,876)
School Projects	298,355		60			(183,105)		115,310
BAW STEAP	(789)	789				(15)		(15)
Total	\$ 645,575	\$ 950,097	\$ 425	\$ 80,158	\$ 2,483,302	\$ (377,068)		\$ (1,184,115)

## TOWN OF WOLCOTT, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Student Activity Fund</b>				
Assets:				
Cash	\$ 137,959	\$ 640,169	\$ 610,604	\$ 167,524
Liabilities:				
Due to student groups	\$ 137,959	\$ 640,169	\$ 610,604	\$ 167,524
<b>Performance Bond Fund</b>				
Assets:				
Cash	\$ 282,450	\$ 40,802	\$ 84,697	\$ 238,555
Due from other funds	14,000			14,000
Total Assets	\$ 296,450	\$ 40,802	\$ 84,697	\$ 252,555
Liabilities:				
Due to agencies	\$ 296,450	\$ 40,802	\$ 84,697	\$ 252,555
<b>Total - All Agency Funds</b>				
Assets:				
Cash	\$ 420,409	\$ 680,971	\$ 695,301	\$ 406,079
Due from other funds	14,000			14,000
Total Assets	\$ 434,409	\$ 680,971	\$ 695,301	\$ 420,079
Liabilities:				
Due to student groups	\$ 137,959	\$ 640,169	\$ 610,604	\$ 167,524
Due to agencies	296,450	40,802	84,697	252,555
Total Liabilities	\$ 434,409	\$ 680,971	\$ 695,301	\$ 420,079

## TOWN OF WOLCOTT, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

JUNE 30, 2012

(In Thousands)

Total tax collections (including interest and lien fees)	\$ 31,277
Reimbursement for revenue loss on:	
Tax relief for the elderly - Elderly freeze	<u>4</u>

Base \$ 31,281

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Bonds</u>
Debt Limitation					
2-1/4 times base	\$ 70,382	\$	\$	\$	\$
4-1/2 times base		140,765			
3-3/4 times base			117,304		
3-1/4 times base				101,663	
3 times base					93,843
Total debt limitation	<u>70,382</u>	<u>140,765</u>	<u>117,304</u>	<u>101,663</u>	<u>93,843</u>
Indebtedness:					
Bonds payable	6,779	16,036			
Project loan			1,327		
Debt authorized and unissued**	5,251	40			
School building grants***		(6,408)			
Total indebtedness	<u>12,030</u>	<u>9,668</u>	<u>1,327</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of					
Outstanding and Authorized Debt	\$ <u><u>58,352</u></u>	\$ <u><u>131,097</u></u>	\$ <u><u>115,977</u></u>	\$ <u><u>101,663</u></u>	\$ <u><u>93,843</u></u>

In no case shall total indebtedness exceed seven times annual receipts from taxation, or \$218,967.

\* In accordance with State Statutes, bonds payable consisting of water bonds totaling \$3,720 were excluded from this statement.

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

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