

**TOWN OF WINDSOR LOCKS, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

# TOWN OF WINDSOR LOCKS, CONNECTICUT

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Accounting | Tax | Business Consulting

## Independent Auditors' Report

Board of Finance  
Town of Windsor Locks  
Windsor Locks, 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 Windsor Locks, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town of Windsor Locks, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011 on our consideration of the Town of Windsor Locks, 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.

Management's discussion and analysis on pages 3 through 10 and the budgetary comparison information on pages 42 through 49 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Windsor Locks, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

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

November 30, 2011

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

Management of the Town of Windsor Locks, Connecticut (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$70.6 million (net assets). Of this amount, \$18.1 million (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- On a government-wide basis, during the year the Town's total net assets increased by \$2.27 million (3.3%) from \$68.3 million to \$70.6 million. The majority of the increase is attributable to the increase in Capital Assets.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12.3 million, a decrease of \$1.7 million in comparison with the prior year.
- At the end of the close of the current fiscal year, unassigned fund balance for the General Fund was \$9.0 million, or 20% of total General Fund expenditures and transfers out.
- The Town's bonded debt excluding capital leases decreased by \$1.8 million or 11% during the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

The government-wide financial statements present only governmental activities whose functions are principally supported by taxes and intergovernmental revenues, since the Town does not operate any business-type activities. The governmental activities of the Town include general government, public safety, public works, health and welfare, recreation and education.

### **Fund Financial Statements**

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

#### **Governmental Funds**

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

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

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

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided as required supplementary information.

#### **Proprietary Funds**

The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its medical insurance benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

## Fiduciary Funds

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Town's net assets from a year ago increased from \$68.3 million to \$70.6 million. 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**  
**In Thousands**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Current and other assets	\$ 23,159	\$ 20,654
Capital assets, net of accumulated depreciation	70,216	67,830
Total assets	<u>93,375</u>	<u>88,484</u>
Long-term debt outstanding	17,388	18,570
Other liabilities	5,416	1,616
Total liabilities	<u>22,804</u>	<u>20,186</u>
Net Assets:		
Invested in capital assets, net of related debt	52,443	50,797
Restricted	4	4
Unrestricted	<u>18,124</u>	<u>17,497</u>
Total Net Assets	<u>\$ 70,571</u>	<u>\$ 68,298</u>

Net assets of the Town's governmental activities increased by 3.3%. 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 - changed from \$17.5 million at June 30, 2010 to \$18.1 million at the end of this year.

**TABLE 2**  
**CHANGE IN NET ASSETS**  
**In Thousands**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Revenues:		
Program revenues:		
Charges for services:	\$ 3,432	\$ 3,541
Operating grants and contributions	10,301	10,665
Capital grants and contributions	541	850
General revenues:		
Property taxes	29,725	28,124
Grants and contributions not restricted to specific purposes	6,233	5,496
Investment income	201	241
Miscellaneous	146	99
Total revenues	50,579	49,016
Expenses:		
General government	1,919	2,196
Public safety	4,912	4,776
Public works	4,956	5,620
Health and welfare	474	463
Recreation	1,261	1,103
Education	34,232	34,714
Interest on long-term debt	552	576
Total program expenses	48,306	49,448
Increase (Decrease) in Net Assets	\$ 2,273	\$ (432)

The Town's total revenues were \$50.6 million. The total cost of all programs and services was \$48.3 million. Our analysis below considers the operations of governmental activities.

**Governmental Activities**

Approximately 58.8% of the revenues were derived from property taxes, followed by 20.3% from operating grants and contributions, 13.4% from other grants and 6.8% charges for services. The remaining 0.7% was derived from investment earnings and miscellaneous revenue.

Major revenue factors included:

- Property tax revenues recorded for fiscal year 2011 reflect an increase in the Town's tax rate of 6.93%. The additional tax rate resulted in additional revenues of \$1.7 million.
- Operating and capital grants decreased by \$673 thousand.
- Charges for services decreased by \$100 thousand.
- Grants and contributions not restricted to specific purposes increased by \$737 thousand.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. However, there were a couple of exceptions noted below.

- Conservative efforts by public works, public safety, and general government added to a positive position from budget to actual.
- Property and liability insurance averaged a 14.89% increase, medical insurance increased by 4.36% and worker's compensation increased by 5%
- The cost of education services increased due to negotiated wage settlements, employee health insurance cost increases, special education cost.

Table 3 presents the cost of each of the Town's largest programs - general government, public safety, public works, health and welfare, 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  
In Thousands**

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
General government	\$ 1,919	\$ 2,196	\$ 907	\$ 912
Public safety	4,912	4,776	4,609	4,471
Public works	4,956	5,620	2,092	2,946
Health and welfare	474	463	318	355
Recreation	1,261	1,103	693	171
Education	34,232	34,714	24,909	25,016
Interest	552	576	503	521
Totals	\$ 48,306	\$ 49,448	\$ 34,031	\$ 34,392

## **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 \$12.3 million, which is a decrease from last year's total of \$14 million. Approximately \$7.3 million (60%) of this total amount constitutes unassigned fund balance, which is available for spending at the Town's discretion. \$198 thousand (1.6%) is assigned as encumbrances. \$4.6 million (37.3%) is committed to designated use. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for spending because it has already been obligated for permanently restricted endowments inventory (\$185 thousand).

### **General Fund Budgetary Highlights**

The General Fund is the operating fund of the Town. At the end of the current fiscal year, total fund balance and unassigned fund balance of the General Fund was \$9.1 million and \$8.9 million, respectively.

There is no designated use of fund balance for next year's budget, while unassigned fund balance was \$8.9 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and to total fund expenditures. Unassigned fund balance represents 20% of total General Fund expenditures and other financing.

The fund balance of the Town's General Fund increased by \$754 thousand during the current fiscal year. The key factor in this growth was a decrease in town expenses for the budget year and additional collection efforts.

### **Sewer Administration Fund**

The fund balance decreased by approximately \$154 thousand. A transfer to the General Fund of \$103 thousand was for debt service.

### **Capital Projects Fund**

This fund accounts for financial resources to be used for the acquisition of major equipment or construction of facilities. Appropriations are made annually by the Board of Finance and citizen referendum pursuant to the Town Charter. Expenditures for capital projects and equipment for 2010-11 were \$4.8 million.

The Town is continuing renovations and upgrade projects for Town Hall. The Town has secured several Small Cities and STEAP grants for road construction and land improvements for several facilities in town. A two year sewer and road construction project was begun for South Center Street. The Town was recently awarded a Small Cities Grant for road reconstruction on Pearl and Fern Streets.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2011, the Town had invested in a broad range of capital assets, including land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles, furniture and fixtures and infrastructure (roads, sewer lines, sidewalks) on a gross basis of \$106 million and \$70.2 million net of accumulated depreciation.

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

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Land	\$ 3,694	\$ 3,694
Construction in progress	2,759	2,786
Land improvements	1,602	1,099
Buildings	8,110	8,318
Building improvements	28,206	27,578
Machinery and equipment	6,497	6,422
Vehicles	2,248	1,797
Furniture and fixtures	162	77
Infrastructure	16,938	16,059
<b>Totals</b>	<b>\$ 70,216</b>	<b>\$ 67,830</b>

This year's major additions included:

- Town Hall renovations \$1,293,809
- Fire truck \$590,133
- Pesci Park lights \$407,000
- Skateboard park \$131,629
- High School Heating Exchange roof \$262,930
- Various road and sewer projects totaling \$1.4 million

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

**Long-Term Debt**

At June 30, 2011, the Town had bonded debt outstanding of \$14.2 million. All of this debt comprises debt backed by the full faith and credit of the Town.

The Town's total debt decreased by a net of \$1.2 million. The Town maintains an "Aa1" rating from Moody's Investors Service and "AA" from Standard & Poor's for general obligation debt. The State limits the amount of general obligation debt that towns can issue on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$207.1 million State-imposed limit.

Other 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 unemployment rate for the Town is currently 7.8%, which is a decrease from a rate of 8.7% a year ago. This compares favorably to the State's average unemployment rate of 8.2% as of November 29, 2011. Recessionary trends are consistent with national indices.

All of these factors were considered in preparing the Town's budget for the 2012 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$754 thousand.

## **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, 50 Church Street, Windsor Locks, Connecticut 06096-2348.

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	<b>Governmental Activities</b>
	<u>                    </u>
Assets:	
Cash and cash equivalents	\$ 12,295,567
Investments	7,230,820
Receivables, net	3,622,541
Inventories	10,096
Capital assets:	
Assets not being depreciated	6,453,306
Assets being depreciated, net	<u>63,762,589</u>
Total assets	<u>93,374,919</u>
Liabilities:	
Accounts and other payables	1,584,549
Bond anticipation note payable	3,520,000
Unearned revenue	311,663
Noncurrent liabilities:	
Due within one year	2,082,476
Due in more than one year	<u>15,305,167</u>
Total liabilities	<u>22,803,855</u>
Net Assets:	
Invested in capital assets, net of related debt	52,442,729
Restricted for trust purposes:	
Nonexpendable	3,835
Unrestricted	<u>18,124,500</u>
Total Net Assets	<u>\$ 70,571,064</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,919,609	\$ 298,197	\$ 714,877	\$	\$ (906,535)
Public safety	4,911,685	266,972	35,303		(4,609,410)
Public works	4,956,163	1,750,815	575,632	537,558	(2,092,158)
Health and welfare	473,883	79,670	76,456		(317,757)
Recreation	1,260,920	429,201	138,553		(693,166)
Education	34,231,839	607,520	8,711,251	3,750	(24,909,318)
Interest on long-term debt	551,796		49,016		(502,780)
Total Governmental Activities	\$ <u>48,305,895</u>	\$ <u>3,432,375</u>	\$ <u>10,301,088</u>	\$ <u>541,308</u>	<u>(34,031,124)</u>
General revenues:					
Property taxes					29,725,288
Grants and contributions not restricted to specific programs					6,232,971
Unrestricted investment earnings					200,645
Miscellaneous					145,696
Total general revenues					<u>36,304,600</u>
Change in net assets					2,273,476
Net Assets at Beginning of Year					<u>68,297,588</u>
Net Assets at End of Year					\$ <u>70,571,064</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,766,604	\$ 548,074	\$ 4,205,500	\$ 1,168,480	\$ 9,688,658
Investments	5,997,558	1,229,427		3,835	7,230,820
Receivables, net	2,529,666	244,906	21,950	250,574	3,047,096
Due from other funds	614,479		313,813		928,292
Inventories				10,096	10,096
Total Assets	<u>\$ 12,908,307</u>	<u>\$ 2,022,407</u>	<u>\$ 4,541,263</u>	<u>\$ 1,432,985</u>	<u>\$ 20,904,962</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 892,520	\$ 56,024		\$ 112,138	\$ 1,060,682
Bond anticipation notes payable			3,520,000		3,520,000
Due to other funds	433,907	82,756		531,723	1,048,386
Deferred revenue	2,432,926	241,170		270,289	2,944,385
Total liabilities	<u>3,759,353</u>	<u>379,950</u>	<u>3,520,000</u>	<u>914,150</u>	<u>8,573,453</u>
Fund balances:					
Nonspendable				13,096	13,096
Restricted				172,071	172,071
Committed		1,642,457	2,593,398	365,333	4,601,188
Assigned	197,984				197,984
Unassigned	8,950,970		(1,572,135)	(31,665)	7,347,170
Total fund balances	<u>9,148,954</u>	<u>1,642,457</u>	<u>1,021,263</u>	<u>518,835</u>	<u>12,331,509</u>
Total Liabilities and Fund Balances	<u>\$ 12,908,307</u>	<u>\$ 2,022,407</u>	<u>\$ 4,541,263</u>	<u>\$ 1,432,985</u>	<u>\$ 20,904,962</u>

(Continued on next page)

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

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 (Exhibit III)	\$ 12,331,509
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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	\$ 106,057,189	
Less accumulated depreciation	<u>(35,841,294)</u>	
Net capital assets		70,215,895

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

Property tax receivables greater than 60 days	764,860
Interest and lien receivable on property taxes	419,928
Assessments receivable	241,170
Interest and lien receivable on assessments	102,288
Receivable from the state for school construction projects	1,626,692

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.

2,421,274

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

Bonds and notes payable	(15,181,173)
Interest payable on bonds and notes	(164,909)
Compensated absences	(907,089)
Capital leases	(626,079)
OPEB obligation	(610,343)
Heart and hypertension	(119,500)
Deferred charges on refunding	<u>56,541</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 70,571,064</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF WINDSOR LOCKS, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 29,739,882	\$	\$	\$	\$ 29,739,882
Intergovernmental	14,469,734	4,978	318,400	2,532,283	17,325,395
Charges for services	713,082	1,478,960		1,160,718	3,352,760
Contributions				18,855	18,855
Income on investments	162,101	23,091	7,754	63	193,009
Other revenues	143,062	201	21,950	14,483	179,696
Total revenues	<u>45,227,861</u>	<u>1,507,230</u>	<u>348,104</u>	<u>3,726,402</u>	<u>50,809,597</u>
Expenditures:					
Current:					
General government	1,665,489			996	1,666,485
Public safety	4,001,008			314,179	4,315,187
Public works	2,318,266	1,490,249		686,777	4,495,292
Health and welfare	364,845			131,171	496,016
Recreation	774,576			421,779	1,196,355
Employee benefits and insurance	2,527,293				2,527,293
Education	29,185,597			2,138,329	31,323,926
Capital outlay			4,644,688		4,644,688
Debt service	2,450,377		118,860		2,569,237
Total expenditures	<u>43,287,451</u>	<u>1,490,249</u>	<u>4,763,548</u>	<u>3,693,231</u>	<u>53,234,479</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,940,410</u>	<u>16,981</u>	<u>(4,415,444)</u>	<u>33,171</u>	<u>(2,424,882)</u>
Other Financing Sources (Uses):					
Issuance of capital leases			720,086		720,086
Transfers in	93,047		1,356,487		1,449,534
Transfers out	(1,278,732)	(170,753)		(49)	(1,449,534)
Total other financing sources (uses)	<u>(1,185,685)</u>	<u>(170,753)</u>	<u>2,076,573</u>	<u>(49)</u>	<u>720,086</u>
Net Change in Fund Balances	754,725	(153,772)	(2,338,871)	33,122	(1,704,796)
Fund Balances at Beginning of Year	<u>8,394,229</u>	<u>1,796,229</u>	<u>3,360,134</u>	<u>485,713</u>	<u>14,036,305</u>
Fund Balances at End of Year	<u>\$ 9,148,954</u>	<u>\$ 1,642,457</u>	<u>\$ 1,021,263</u>	<u>\$ 518,835</u>	<u>\$ 12,331,509</u>

(Continued on next page)

## TOWN OF WINDSOR LOCKS, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balances of 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)	\$ (1,704,796)
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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	4,678,430
Depreciation expense	(2,227,676)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.	(65,106)
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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	(268,883)
Property tax receivable - accrual basis change	(45,618)
Property tax interest and lien receivable - accrual basis change	31,024
Sewer assessment receivable - accrual basis change	54,779
Sewer assessment interest and lien receivable - accrual change	24,836

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 and note principal payments	1,837,067
Capital lease proceeds	(720,086)
Capital lease payments	181,780

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:

Compensated absences	(42,372)
OPEB obligation	(110,607)
Accrued interest	14,218
Amortization of deferred charge on refunding	(16,082)
Heart and hypertension claims	53,152

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.

599,416
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Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>2,273,476</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND**

**JUNE 30, 2011**

		<b>Governmental Activities</b>
		<b>Internal Service Fund</b>
		<u>                    </u>
Assets:		
Current:		
Cash and cash equivalents	\$	2,606,909
Accounts receivable		53,229
Due from other funds		<u>120,094</u>
Total assets		<u>2,780,232</u>
Liabilities:		
Claims payable		<u>358,958</u>
Net Assets:		
Unrestricted	\$	<u><u>2,421,274</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Governmental Activities</b> <hr/> <b>Internal Service Fund</b> <hr/>
Operating Revenues:	
Premiums	\$ <u>5,763,794</u>
Operating Expenses:	
Claims	4,517,990
Administration	<u>654,026</u>
Total operating expenses	<u>5,172,016</u>
Operating Income	591,778
Nonoperating Revenue:	
Income on investments	<u>7,638</u>
Change in Net Assets	599,416
Net Assets at Beginning of Year	<u>1,821,858</u>
Net Assets at End of Year	\$ <u><u>2,421,274</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 5,638,276
Cash payments to providers of benefits and administration	(5,192,758)
Net cash provided by operating activities	445,518
Cash Flows from Investing Activities:	
Income on investments	7,638
Net Increase in Cash and Cash Equivalents	453,156
Cash and Cash Equivalents at Beginning of Year	2,153,753
Cash and Cash Equivalents at End of Year	\$ 2,606,909
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 591,778
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in due from other funds	(120,094)
Increase in accounts receivable	(5,424)
Decrease in claims payable	(20,742)
Net Cash Provided by Operating Activities	\$ 445,518

The accompanying notes are an integral part of the financial statements

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2011

	<u>OPEB Trust Fund</u>	<u>Student Activity Fund</u>
Assets:		
Cash and cash equivalents	\$	\$ 243,460
Investments	1,065,348	
Liabilities:		
Accounts and other payables		\$ 243,460
Net Assets:		
Held in Trust for OPEB Benefits	\$ 1,065,348	

The accompanying notes are an integral part of the financial statements

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## STATEMENT OF CHANGES IN PLAN NET ASSETS - OPEB TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2011

	<u>OPEB Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 330,534
Employee	376,957
Total contributions	<u>707,491</u>
Investment income:	
Net appreciation in fair value of investments	<u>167,735</u>
Total additions	<u>875,226</u>
Deductions:	
Benefits	<u>541,154</u>
Net Increase	334,072
Net Assets Held in Trust for OPEB Benefits at Beginning of Year	<u>731,276</u>
Net Assets Held in Trust for OPEB Benefits at End of Year	<u>\$ 1,065,348</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF WINDSOR LOCKS, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Windsor Locks, 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 of Windsor Locks was incorporated in 1854, under the General Statutes of the State of Connecticut. The Town adopted a Town Charter effective January 5, 1981, which was revised on December 2, 1993. The form of government includes a Board of Selectmen consisting of a First Selectman, who is the chief administrative and executive official of the Town, and two other members. The Board of Selectmen and the Town Meeting have the legislative power of the Town, and may enact ordinances consistent with the General Statutes of the State of Connecticut and specific provisions of the Town Charter. The Board of Education, which is not a separate legal entity, is responsible for the operation of the public school system.

Additionally, the Charter includes a Board of Finance and a Treasurer. The Board of Finance is responsible for presenting fiscal operating budgets for Town approval. The Treasurer receives all money belonging to the Town and makes expenditures based upon the appropriate authority.

#### 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 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 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. Agency funds do not have a measurement focus but are accounted for using 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 Sewer Administration Fund accounts for sewer services provided to certain residents of the Town. The major source of revenue is sewer assessment charges.

The Capital Projects Fund accounts for the financial revenues to be used for major capital asset construction and/or purchases. The major sources of revenue are grants, capital leases and bond issuances.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk financing activities for medical insurance benefits as allowed by GASB Statement No. 10.

The OPEB Trust Fund accounts for the activities of the Windsor Locks other postemployment benefits for town retirees and their beneficiaries.

The Agency Fund is used to account for monies held on behalf of students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to customers for medical insurance benefits. Operating expenses for the internal service fund include the cost of claims 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 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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." An amount of \$295,450 has been established as an allowance for uncollectible taxes. At June 30, 2011, this represents 26% of all property taxes receivable.

In the fund financial statements, all property taxes receivable at June 30, 2011, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60-day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date. Payments not received within one month after the due date become delinquent, with interest charged at 1-1/2% per month.

#### **F. 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 government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure and an estimated useful life in excess of two 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 is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	75
Building improvements	75
Land improvements	20
Roads	25-50
Sidewalks	25
Sewer plant	50
Sewer lines	70
Storm drains	70
Vehicles	8
Office equipment	5-10

### **G. Compensated Absences**

Employees are paid by prescribed formula for absence due to vacation or sickness. For certain Town employees and Board of Education employees, vacation time and sick time may be accumulated and paid upon death or retirement, up to certain limits.

### **H. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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.

### **I. 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 (Windsor Locks Board of Finance and Town Meeting).

**Assigned Fund Balance** - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as 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 (Windsor Locks Finance Director and Board of Education Business Manager).

**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.

## **J. Estimates**

The preparation of the 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 including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

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

### **A. Budgetary Information**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. On or before February 1 of each year, each officer and the head of each office, board or commission supported wholly or in part from Town funds, files a detailed estimate of the expenditures to be made and revenues to be collected in the ensuing year with the Board of Finance.

The Board of Finance then prepares a proposed general Town budget and tax mill rate, holds a public hearing and presents the budget to the annual Town budget meeting, at which time it is legally adopted.

Funds for any additional appropriations less than \$10,000 or any emergency appropriations shall be drawn as directed by the Board of Finance from any available fund balance, an approved contingency fund or funds received or to be received from State, Federal or other sources.

Additional appropriations in excess of \$10,000 (except for emergency situations) require Town Meeting approval. Appropriations for capital expenditures in excess of \$200,000, to be funded by borrowing, require a referendum.

Additional appropriations of \$261,182 were made during the year.

Formal budgetary integration is employed as a management control device during the year.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.

The Board of Education, which is not a separate legal entity but a department of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval (in excess of \$10,000 in the aggregate for the year).

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

#### **B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2011, expenditures exceeded appropriations in the General Fund in Transfers by \$38,410, which were funded by greater than anticipated revenues and available fund balance.

### **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 do 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*, \$6,258,743 of the Town's bank balance of \$14,257,571, of which \$7,230,820 were certificates of deposit, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,584,221
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>674,522</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 6,258,743</u>

## Cash Equivalents

At June 30, 2011, the Town's cash equivalents amounted to \$6,805,810. 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>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Connecticut CLASS Plus	AAAm
Money Market Funds*	

\*Not rated

## Investments

As of June 30, 2011, 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:					
Certificates of deposit	*	\$ 7,230,820	\$ -	\$ 7,230,820	\$ -
Other investments:					
Mutual funds	n/a	<u>1,065,348</u>			
Total Investments		<u>\$ 8,296,168</u>			

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

*Interest Rate Risk* - The Town limits their maximum final stated maturities to five years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

*Credit Risk - Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further its investment choices.

*Concentration of Credit Risk* - At the time of acquisition, no more than 10% of the overall portfolio may be invested in deposits with a single bank, unless the deposits are fully insured or fully collateralized, or in repurchase agreements for a period longer than two days conducted through a single dealer.

*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 does not have a policy for custodial credit risk. At June 30, 2011, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

#### 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>Sewer Administration</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,143,546	\$	\$	\$	\$ 1,143,546
Accounts	52,789	3,736	21,950	103,664	182,139
Sewer assessments		245,670			245,670
Intergovernmental	<u>1,628,781</u>			<u>200,139</u>	<u>1,828,920</u>
Gross receivables	<u>2,825,116</u>	<u>249,406</u>	<u>21,950</u>	<u>303,803</u>	<u>3,400,275</u>
Less allowance for uncollectibles	<u>(295,450)</u>	<u>(4,500)</u>			<u>(299,950)</u>
Net Total Receivables	<u>\$ 2,529,666</u>	<u>\$ 244,906</u>	<u>\$ 21,950</u>	<u>\$ 303,803</u>	<u>\$ 3,100,325</u>

Note: Above does not include accrued interest and liens on property taxes of \$419,928 and sewer use charges of \$102,288.

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>
Delinquent property taxes receivable	\$ 764,860	\$
Special assessments	241,170	
Property taxes collected in advance		26,272
Grant drawdowns prior to meeting all eligibility requirements		270,289
School building grants	1,626,692	
Premium on bond anticipation notes		<u>15,102</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,632,722</u>	<u>\$ 311,663</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,694,247	\$ -	\$ -	\$ -	\$ 3,694,247
Construction in progress	2,785,524	(26,465)	-	-	2,759,059
Total capital assets not being depreciated	<u>6,479,771</u>	<u>(26,465)</u>	<u>-</u>	<u>-</u>	<u>6,453,306</u>
Capital assets being depreciated:					
Buildings	14,750,314				14,750,314
Building improvements	33,460,579	26,465	1,328,159	(11,330)	34,803,873
Land improvements	1,672,912		538,629		2,211,541
Machinery and equipment	12,144,321		725,368	(219,968)	12,649,721
Vehicles	3,976,468		691,570	(38,333)	4,629,705
Furniture and fixtures	96,325		88,361		184,686
Infrastructure	29,138,202		1,306,343	(70,502)	30,374,043
Total capital assets being depreciated	<u>95,239,121</u>	<u>26,465</u>	<u>4,678,430</u>	<u>(340,133)</u>	<u>99,603,883</u>
Less accumulated depreciation for:					
Buildings	(6,432,737)		(207,179)		(6,639,916)
Building improvements	(5,882,268)		(719,880)	4,343	(6,597,805)
Land improvements	(574,181)		(35,396)		(609,577)
Machinery and equipment	(5,722,800)		(617,132)	186,981	(6,152,951)
Vehicles	(2,178,115)		(223,178)	18,620	(2,382,673)
Furniture and fixtures	(19,341)		(3,472)		(22,813)
Infrastructure	(13,079,203)		(421,439)	65,083	(13,435,559)
Total accumulated depreciation	<u>(33,888,645)</u>	<u>-</u>	<u>(2,227,676)</u>	<u>275,027</u>	<u>(35,841,294)</u>
Total capital assets being depreciated, net	<u>61,350,476</u>	<u>26,465</u>	<u>2,450,754</u>	<u>(65,106)</u>	<u>63,762,589</u>
Governmental Activities Capital Assets, Net	<u>\$ 67,830,247</u>	<u>\$ -</u>	<u>\$ 2,450,754</u>	<u>\$ (65,106)</u>	<u>\$ 70,215,895</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 182,998
Public safety	214,111
Public works	896,392
Recreation	47,440
Education	<u>886,735</u>
Total	<u>\$ 2,227,676</u>

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

Individual fund interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Administration Fund	\$ 82,756
	Nonmajor Governmental Funds	<u>531,723</u>
		<u>614,479</u>
Capital Projects	General Fund	<u>313,813</u>
Internal Service Fund	General Fund	<u>120,094</u>
		<u>\$ 1,048,386</u>

All interfund receivables and payables are the result of regularly recurring transactions and represent temporary balances.

	<u>Transfers In</u>		<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Projects</u>	
Transfers out:			
General Fund	\$	\$ 1,278,732	\$ 1,278,732
Sewer Administration Fund	92,998	77,755	170,753
Nonmajor Governmental	<u>49</u>	<u>          </u>	<u>49</u>
Total Transfers In	<u>\$ 93,047</u>	<u>\$ 1,356,487</u>	<u>\$ 1,449,534</u>

All transfers represent routine transactions that occur annually to move resources from one fund to another.

**7. LONG-TERM DEBT**

**Governmental Activities**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 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 and serial notes payable:					
General obligation bonds	\$ 15,925,000	\$ -	\$ 1,755,000	\$ 14,170,000	\$ 1,740,000
Clean water notes	1,093,240		82,067	1,011,173	83,724
Total	<u>17,018,240</u>	<u>-</u>	<u>1,837,067</u>	<u>15,181,173</u>	<u>1,823,724</u>
Less deferred amounts on refunded bonds	<u>(72,623)</u>		<u>(16,082)</u>	<u>(56,541)</u>	
Total bonds and notes payable	16,945,617	-	1,820,985	15,124,632	1,823,724
Capital leases	87,773	720,086	181,780	626,079	126,977
OPEB obligation	499,736	110,607		610,343	
Compensated absences	864,717	76,453	34,081	907,089	71,775
Heart and hypertension claims	<u>172,652</u>		<u>53,152</u>	<u>119,500</u>	<u>60,000</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 18,570,495</u>	<u>\$ 907,146</u>	<u>\$ 2,089,998</u>	<u>\$ 17,387,643</u>	<u>\$ 2,082,476</u>

The following is a summary of bond and note issues at June 30, 2011:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2011</u>
Bonds/notes:					
Town:					
New issue	11/1/2009	8/1/2024	2.0-4.0	\$ 5,518,350	\$ 5,169,914
Schools:					
Refunding bond	3/1/2005	9/15/2018	3.0-5.0	10,705,000	5,885,000
Refunding bond	3/15/2003	3/15/2016	2.125-4.0	6,630,000	2,350,000
New issue	11/1/2009	8/1/2024	2.0-4.0	816,650	765,086
Sewer:					
Clean water loan	5/31/2003	5/31/2022	2.0	1,715,669	<u>1,011,173</u>
					<u>\$ 15,181,173</u>

All long-term liabilities are generally liquidated by the General Fund except for sewer notes, which are liquidated by the Sewer Administration Fund.

The following is a summary of long-term debt principal and interest maturities:

Year Ending June 30,	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,740,000	\$ 470,267	\$ 83,724	\$ 19,459	\$ 1,823,724	\$ 489,726
2013	1,715,000	415,999	85,414	17,769	1,800,414	433,768
2014	1,695,000	360,584	87,138	16,045	1,782,138	376,629
2015	1,685,000	300,515	88,897	14,286	1,773,897	314,801
2016	1,670,000	238,208	90,691	12,492	1,760,691	250,700
2017-2021	3,965,000	576,625	481,664	34,250	4,446,664	610,875
2022-2025	1,700,000	131,219	93,645	939	1,793,645	132,158
Total	\$ 14,170,000	\$ 2,493,417	\$ 1,011,173	\$ 115,240	\$ 15,181,173	\$ 2,608,657

#### Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2011:

#### **Capital Projects**

Date Issued	Maturity Date	Interest Rate (%)	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011
10-7-10	10-6-11	1.00	\$ -	\$ 3,520,000	\$	\$ 3,520,000

As of June 30, 2011, the Town had authorized unissued bonds of \$4,925,000 available to fund capital projects.

#### **Subsequent Event**

On October 6, 2011, the Town issued a bond anticipation note in the amount of \$4,400,000 with an interest rate of 1.50% due July 5, 2012.

#### Debt Limit

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

Category	Debt Limitation	Indebtedness	Balance
General purpose	\$ 66,560,567	\$ 8,374,914	\$ 58,185,653
Schools	133,121,133	9,093,394	124,027,739
Sewers	110,934,278	1,011,173	109,923,105
Urban renewal	96,143,041		96,143,041
Pension deficit	88,747,422		88,747,422

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$207.1 million.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$1,626,692 for bond principal are reflected as deductions in the computation of net indebtedness.

Capital Leases

The Town has entered into capital lease agreements for the purchase of a catch-basin vacuum truck, a dump truck, a payloader and a fire truck.

The assets acquired through capital leases are as follows:

	<u>Amount</u>
Asset:	
Equipment	\$ 1,058,510
Less accumulated depreciation	<u>126,123</u>
 Total	 \$ <u><u>932,387</u></u>

The following is a schedule of the future minimum lease payments under the capitalized leases together with the present value of the minimum lease payments as of June 30, 2011:

<u>Year Ending June 30</u>	<u>Amount</u>
2012	\$ 144,823
2013	118,858
2014	118,860
2015	118,859
2016	91,507
2017	<u>91,508</u>
Total minimum lease payments	684,415
Less amount representing interest	<u>(58,336)</u>
 Present Value of Future Minimum Lease Payment	 \$ <u><u>626,079</u></u>

## 8. FUND BALANCE

The components of fund balance for governmental funds at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Major Special Revenue Fund Sewer Administration Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Endowment	\$	\$	\$	\$ 3,000	\$ 3,000
Inventories				10,096	10,096
Restricted for:					
Grants				172,071	172,071
Committed to:					
Sewer assessment			1,642,457		1,642,457
Capital projects		2,593,398			2,593,398
General government				835	835
Public safety				62,741	62,741
Public works				135,088	135,088
Health and welfare				85,023	85,023
Recreation				81,646	81,646
Assigned to:					
General government	51,121				51,121
Public safety	36,917				36,917
Public works	26,353				26,353
Health and welfare	432				432
Recreation	219				219
Education	82,942				82,942
Unassigned	<u>8,950,970</u>	<u>(1,572,135)</u>		<u>(31,665)</u>	<u>7,347,170</u>
Total Fund Balances	<u>\$ 9,148,954</u>	<u>\$ 1,021,263</u>	<u>\$ 1,642,457</u>	<u>\$ 518,835</u>	<u>\$ 12,331,509</u>

Significant encumbrances at June 30, 2011 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; public official liabilities; police liability; heart and hypertension claims; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town purchases commercial insurance for all risks of loss except medical insurance. The Town established an internal service fund, the medical insurance fund, to account for and finance the retained risk of loss for the Town's medical benefits claims.

A third party administers the medical insurance plan for which the Town pays a fee. The medical insurance fund provides coverage for most Town employees. The Town has purchased a stop loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$100,000. During the year, deductibles paid by the Town were insignificant. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from amounts held in the prior year.

The medical insurance fund is substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability reported is based on the requirements of GASB Statements No. 10 and 30, which require a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

An analysis of the activity in the claims liability is as follows:

<b>Medical Insurance Fund</b>	<b>Balance July 1</b>	<b>Current Year Claims And Changes In Estimates</b>	<b>Claims Payments</b>	<b>Balance June 30</b>
2009-2010	\$ 380,211	\$ 4,731,597	\$ 4,732,108	\$ 379,700
2010-2011	379,700	4,517,990	4,538,732	358,958

The Town has Traveler's Insurance Company for workers compensation coverage. The premium is subject to payroll audit at the close of the coverage period. Traveler's retains \$1,000,000 per occurrence. To limit liability, the Town has additional umbrella coverage provided by American Alternative Insurance Company in the amount of \$10,000,000 per occurrence.

## 10. PENSION PLANS

### Municipal Employees' Retirement Fund

#### A. Plan Description

Town employees, excluding teachers, participate in the Municipal Employees' Retirement System (MERS). MERS is a cost sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. All benefits vest after 10 years of continuous service. Members who retire after age 55 with 10 years of continuous service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

## **B. Funding Policy**

Covered employees are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan.

The required and actual contributions for the years ended June 30, 2009, 2010 and 2011 were \$423,637, \$464,813 and \$617,037, respectively.

### **Teachers' Retirement Plan**

All Town teachers participate in the State of Connecticut Teachers' Retirement System, a cost sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple-employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- 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 \$12,984,977.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2011, the Town has recorded in the General Fund intergovernmental revenue schools and schools expenditures in the amount of \$2,064,102 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pension.

The State of Connecticut Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

## **11. POSTEMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN**

### **A. Summary of Significant Accounting Policies**

Basis of Accounting - The financial statements of the Retiree Health Plan (RHP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the Town.

### **B. Plan Description**

The RHP is a single-employer defined benefit healthcare plan administered by the Town of Windsor Locks. The RHP provides medical benefits to eligible retirees and their spouses. All employees of the Town are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees.

The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Postemployment Benefits Trust Fund. The plan does not issue a stand-alone financial report.

At July 1, 2009, plan membership consisted of the following:

	<b>Retiree Health Plan</b>
Retired members and their spouses	43
Active plan members	<u>303</u>
Total Participants	<u><u>346</u></u>

### **C. Funding Policy**

The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

#### Town Employees

The cost per month for Town employees receiving coverage is \$604 per month for retiree only coverage and \$1,257 per month for retiree and spouse coverage.

#### Board of Education Employees

The cost per month for Board of Education employees receiving coverage is \$596 per month for retiree only coverage and \$1,242 per month for retiree and spouse coverage.

For the year ended June 30, 2011, plan members contributed \$376,957, and claims and benefits paid were \$541,154. Employer contributions to the OPEB Trust Fund were \$330,534. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

**D. 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><u>Retiree Health Plan</u></b>
Annual required contribution (ARC)	\$ 443,010
Interest on net OPEB obligation	37,480
Adjustment to annual required contribution	<u>(39,349)</u>
Annual OPEB cost	441,141
Contributions made	<u>330,534</u>
Increase in net OPEB obligation	110,607
Net OPEB obligation, beginning of year	<u>499,736</u>
Net OPEB Obligation, End of Year	<u><u>\$ 610,343</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 years ended June 30, 2009, 2010 and 2011 are presented below.

<b><u>Fiscal Year Ended</u></b>	<b><u>Annual OPEB Cost (AOC)</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Percentage of AOC Contributed</u></b>	<b><u>Net OPEB Obligation</u></b>
6/30/09	\$ 597,850	\$ 331,943	55.52 %	\$ 265,907
6/30/10	608,365	374,536	61.56	499,736
6/30/11	441,141	330,534	74.93	610,343

**Schedule of Employer Contributions**

<b><u>Fiscal Year Ended</u></b>	<b><u>Annual Required Contribution (ARC)</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Percentage of ARC Contributed</u></b>
6/30/09	\$ 597,850	\$ 331,943	55.52 %
6/30/10	609,360	374,536	61.46
6/30/11	443,010	330,534	74.61

## Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	\$ -	\$ 5,248,420	\$ 5,248,420	- %	\$ 23,806,952	22 %
7/1/2009	374,934	4,105,823	3,730,889	9	24,096,139	15

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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% 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 annual healthcare cost trend rate is 10% initially, reduced by decrements of 1% to an ultimate rate of 5% for 2014 and later. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at July 1, 2009 was 30 years.

## 12. CONTINGENT LIABILITIES

The Town is a defendant in various 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 WINDSOR LOCKS, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Property Taxes:				
Current taxes	\$ 27,725,802	\$ 27,725,802	\$ 27,586,057	\$ (139,745)
Supplemental taxes	1,100,000	1,100,000	1,264,704	164,704
Prior year taxes	250,000	250,000	494,609	244,609
Interest and lien fees	150,000	150,000	217,215	67,215
Telephone access line	71,835	71,835	51,053	(20,782)
Housing authority in lieu of tax	30,000	30,000	26,244	(3,756)
Tax abatement	100,000	100,000	100,000	-
Total property taxes	<u>29,427,637</u>	<u>29,427,637</u>	<u>29,739,882</u>	<u>312,245</u>
Intergovernmental:				
General government:				
Elderly property tax relief	5,300	5,300	5,813	513
In lieu of tax, State Property	4,040,353	4,040,353	4,063,531	23,178
P.A. 436 PILOT on boats	6,390	6,390	5,174	(1,216)
Elderly circuit breaker	110,000	110,000	136,547	26,547
Totally Disabled Grants	300	300	278	(22)
Capital improvement program	82,553	82,553		(82,553)
Veterans' Exemptions	11,000	11,000	14,331	3,331
Office of Emergency Management	3,870	3,870	5,748	1,878
Off Track Betting/Teletheater	650,000	650,000	605,115	(44,885)
PILOT - Manufacturing Equipment	651,078	651,078	452,658	(198,420)
Mashantucket Pequot/Mohegan Grant	438,963	438,963	439,947	984
Manufacturing and equipment phase-in	1,411,979	1,411,979	1,114,970	(297,009)
Senior Center Transportation Grant	14,188	14,188	14,935	747
Youth Services	14,000	14,000	14,000	-
Public Works Grants	1	1		(1)
Police Grants	1	1		(1)
Various Grants	1	1	76,226	76,225
Total general government	<u>7,439,977</u>	<u>7,439,977</u>	<u>6,949,273</u>	<u>(490,704)</u>
Education:				
Educational Cost Sharing	3,989,004	3,989,004	3,975,249	(13,755)
School Building Grants	317,899	317,899	317,899	-
School Transportation	126,278	126,278	84,389	(41,889)
Education of the Blind	2,850	2,850		(2,850)
ARRA Stabilization	663,364	663,364	663,730	366
Special Education	1	1	278,932	278,931
Total education	<u>5,099,396</u>	<u>5,099,396</u>	<u>5,320,199</u>	<u>220,803</u>
Total intergovernmental	<u>12,539,373</u>	<u>12,539,373</u>	<u>12,269,472</u>	<u>(269,901)</u>

(Continued on next page)

## TOWN OF WINDSOR LOCKS, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for Services:				
Conveyance tax	\$ 85,000	\$ 85,000	\$ 67,245	\$ (17,755)
Town Clerk's Office	80,000	80,000	83,600	3,600
Building permits	200,000	200,000	181,885	(18,115)
Zoning Board of Appeals	1,500	1,500	997	(503)
Planning and Zoning	5,000	5,000	2,424	(2,576)
Other licenses and permits	2,500	2,500	8,326	5,826
Trash haulers permits	2,100	2,100	1,800	(300)
Assessors Office	600	600	669	69
Inland Wetland fees	1,000	1,000	229	(771)
False alarm fines	1,000	1,000	400	(600)
Superior Court	4,500	4,500	15,732	11,232
Parking tickets	50,000	50,000	44,985	(5,015)
CONA program fees	3,500	3,500		(3,500)
Airplane registration fees	47,000	47,000	45,680	(1,320)
Tuitions	1,900	1,900	8,401	6,501
Park Revolving Fund	160,000	160,000	159,230	(770)
Police accident reports	1,200	1,200	1,735	535
Senior Citizen Mini-bus fee	2,000	2,000	3,910	1,910
Rental of town building	2,500	2,500	2,100	(400)
Rent from schools	500	500	2,740	2,240
Tower rental	40,000	40,000	75,840	35,840
Admissions tax - Teletheater	1	1		(1)
Town auction	1	1		(1)
Police reimbursement	1,500	1,500	5,154	3,654
Total charges for services	<u>693,302</u>	<u>693,302</u>	<u>713,082</u>	<u>19,780</u>
Investment Income:				
Income on investments	<u>100,000</u>	<u>100,000</u>	<u>162,101</u>	<u>62,101</u>
Other Revenues:				
Miscellaneous receipts	19,000	19,000	91,065	72,065
Workers' Compensation	12,000	12,000	68,486	56,486
Total other revenues	<u>31,000</u>	<u>31,000</u>	<u>159,551</u>	<u>128,551</u>
Total revenues	<u>42,791,312</u>	<u>42,791,312</u>	<u>43,044,088</u>	<u>252,776</u>

(Continued on next page)

## TOWN OF WINDSOR LOCKS, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources:				
Transfers from other funds:				
Sewer Administration Fund	\$ 130,634	\$ 130,634	\$ 131,408	\$ 774
James DeForest Phelps Fund	100	100	49	(51)
Total other financing sources	<u>130,734</u>	<u>130,734</u>	<u>131,457</u>	<u>723</u>
Total	<u>\$ 42,922,046</u>	<u>\$ 42,922,046</u>	43,175,545	<u>\$ 253,499</u>
Budgetary revenues are different than GAAP revenues because:				
Transfers are recorded for budget purposes only			(38,410)	
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			2,064,102	
The Board of Education does not budget for intergovernmental grants received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.			136,160	
Cancellation of prior year encumbrances are recognized as budgetary revenue.			<u>(16,489)</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			<u>\$ 45,320,908</u>	

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Auditing Services	\$ 28,627	\$ 36,627	\$ 36,127	\$ 500
Board of Assessment Appeals	1,158	1,158	979	179
Board of Assessors	148,594	150,907	147,069	3,838
Board of Finance	5,632	5,632	4,949	683
Board of Selectmen	137,780	140,073	138,773	1,300
Building Official	196,369	199,475	179,068	20,407
Capital Improvement Advisory Commission	769	769	557	212
Conservation Commission	2,584	2,584	1,881	703
Contingency Fund	277,550	17,766		17,766
Economic Development Commission	28,893	28,893	27,639	1,254
Finance Department	221,295	225,469	225,281	188
General expense all buildings	22,776	50,176	49,696	480
Historical Commission	421	421	191	230
Holiday observance	3,000	3,000	3,000	-
Human Resource	67,123	68,326	64,985	3,341
Information Technologies	44,229	44,229	40,102	4,127
Inland/Wetlands Agency	8,441	8,441	7,466	975
Municipal associations	19,421	19,421	19,053	368
Planning and Zoning Commission	29,743	34,743	32,980	1,763
Probate Court	9,725	9,725	9,379	346
Registrar of Voters	41,660	45,529	38,682	6,847
Senior Center	88,733	89,645	82,758	6,887
Tax Collector	165,313	184,607	174,791	9,816
Town Clerk	132,397	147,626	143,321	4,305
Town Counsel	73,000	111,200	105,333	5,867
Town Engineer	50,000	50,000	24,861	25,139
Town Office Building	155,891	156,803	153,024	3,779
Town Treasurer	200	200	200	-
Zoning Board of Appeals	4,979	4,979	3,185	1,794
Total general government	<u>1,966,303</u>	<u>1,838,424</u>	<u>1,715,330</u>	<u>123,094</u>
Public safety:				
Ambulance Association	53,000	53,000	53,000	-
Fire	384,683	387,641	353,102	34,539
Fire Marshal	62,880	62,880	58,075	4,805
Marine services	300	300		300
Nine bay garage/safety complex	1,900	3,581	3,481	100
Office of Emergency Management	26,884	26,884	22,542	4,342
Police	2,757,751	2,815,932	2,751,632	64,300
Animal control	5,800	7,237	6,072	1,165
Safety Complex	174,431	175,345	153,823	21,522
Water main/street lighting	645,000	645,000	619,530	25,470
Total public safety	<u>4,112,629</u>	<u>4,177,800</u>	<u>4,021,257</u>	<u>156,543</u>

(Continued on next page)

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Public works:				
Landfill/refuse removal	\$ 1,066,904	\$ 1,066,904	\$ 861,493	\$ 205,411
Public Works Department	1,409,375	1,427,826	1,341,623	86,203
Public Works Garage	29,535	29,536	26,853	2,683
Snow removal	61,500	94,398	83,238	11,160
Spring Street Garage	9,750	9,751	9,410	341
Total public works	<u>2,577,064</u>	<u>2,628,415</u>	<u>2,322,617</u>	<u>305,798</u>
Health and welfare:				
Commission on Needs of the Aging	176,922	179,532	167,156	12,376
Outside services	105,482	105,482	100,981	4,501
Social services	56,826	57,661	44,760	12,901
Youth Service Bureau	53,572	54,320	52,380	1,940
Total health and welfare	<u>392,802</u>	<u>396,995</u>	<u>365,277</u>	<u>31,718</u>
Recreation:				
Parks and recreation	370,798	377,962	358,407	19,555
Public library	415,490	415,490	415,490	-
Total recreation	<u>786,288</u>	<u>793,452</u>	<u>773,897</u>	<u>19,555</u>
Employee benefits and insurance:				
Employee benefits	2,254,189	2,254,189	2,145,534	108,655
Insurance and bonds	405,000	405,000	367,759	37,241
Total employee benefits and insurance	<u>2,659,189</u>	<u>2,659,189</u>	<u>2,513,293</u>	<u>145,896</u>
Education	<u>26,959,841</u>	<u>26,959,841</u>	<u>26,939,858</u>	<u>19,983</u>
Debt service:				
Bond redemption	1,901,645	1,901,645	1,901,642	3
Interest	548,735	548,735	548,735	-
Total debt service	<u>2,450,380</u>	<u>2,450,380</u>	<u>2,450,377</u>	<u>3</u>
Total expenditures	<u>41,904,496</u>	<u>41,904,496</u>	<u>41,101,906</u>	<u>802,590</u>

(Continued on next page)

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing uses:				
Transfers to other funds:				
Capital Improvement Fund	\$ 1,017,550	\$ 1,278,732	\$ 1,278,732	\$ -
Sewer Administration Fund			38,410	(38,410)
Total other financing uses	<u>1,017,550</u>	<u>1,278,732</u>	<u>1,317,142</u>	<u>(38,410)</u>
Total	<u>\$ 42,922,046</u>	<u>\$ 43,183,228</u>	42,419,048	<u>\$ 764,180</u>
Budgetary expenditures are different than GAAP expenditures because:				
Transfers are recorded for budget purposes only.			(38,410)	
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			2,064,102	
The Board of Education does not budget for intergovernmental grants received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.			136,160	
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.			<u>(14,717)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 44,566,183</u>	

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## SEWER ADMINISTRATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sewer use charges and interest	\$ 1,546,028	\$ 1,546,028	\$ 1,444,178	\$ (101,850)
Fees	50,250	50,250	34,782	(15,468)
Investment income	25,000	25,000	23,091	(1,909)
Intergovernmental			4,978	4,978
Miscellaneous	100	100	201	101
Total revenues	<u>1,621,378</u>	<u>1,621,378</u>	<u>1,507,230</u>	<u>(114,148)</u>
Expenditures:				
Salaries	593,373	593,373	560,731	32,642
Fringe benefits	269,739	269,845	265,765	4,080
Overtime	38,500	38,500	32,879	5,621
Audit and legal fees	6,000	10,615	10,615	-
Chemicals/chlorine	69,236	74,925	74,925	-
Contingency	10,000			-
Electricity	237,461	194,337	178,872	15,465
Equipment rental/hauling	7,630	7,630	7,584	46
Fuel, oil, natural gas	24,330	24,330	22,827	1,503
Gasoline and diesel	12,970	12,970	8,568	4,402
Insurance	36,621	37,854	37,854	-
Lab equipment	22,000	22,787	22,787	-
Manholes	2,500	2,500		2,500
Mechanical maintenance	37,000	45,855	45,855	-
Outside services	23,633	26,467	26,467	-
Safety training	3,000	3,000	1,837	1,163
Nitrogen credit exchange program	11,335	11,335	11,335	-
Sewer line maintenance	16,460	22,301	22,301	-
Sludge disposal	83,500	83,500	77,264	6,236
Supplies	37,425	37,425	33,005	4,420
Telephone	4,908	4,908	4,817	91
User fee administration	8,500	10,429	10,429	-
Vehicle parts, repairs	4,000	8,442	8,442	-
Water	7,733	9,042	9,042	-
Facilities plan		11,070	16,048	(4,978)
Total expenditures	<u>1,567,854</u>	<u>1,563,440</u>	<u>1,490,249</u>	<u>73,191</u>

(Continued on next page)

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## SEWER ADMINISTRATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess of Revenues over Expenditures	\$ 53,524	\$ 57,938	\$ 16,981	\$ (40,957)
Other financing sources (uses):				
Transfers out	<u>(176,524)</u>	<u>(176,524)</u>	<u>(170,753)</u>	<u>5,771</u>
Net Change in Fund Balance	\$ <u>(123,000)</u>	\$ <u>(118,586)</u>	(153,772)	\$ <u>(35,186)</u>
Fund Balance at Beginning of Year			<u>1,796,229</u>	
Fund Balance at End of Year			\$ <u>1,642,457</u>	

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,766,604	\$ 2,485,764
Investments	5,997,558	6,265,939
Property taxes receivable, net of allowance for \$295,450 in 2011 and \$277,000 in 2010	848,096	907,789
Accounts receivable	1,681,570	1,907,827
Due from other funds	614,479	369,807
Other assets	973	973
Total Assets	<u>\$ 12,908,307</u>	<u>\$ 11,938,099</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 892,520	\$ 652,583
Due to other funds	433,907	113,544
Deferred revenue	2,432,926	2,777,743
Total liabilities	<u>3,759,353</u>	<u>3,543,870</u>
Fund balance:		
Assigned	197,984	199,758
Unassigned	8,950,970	8,194,471
Total fund balance	<u>9,148,954</u>	<u>8,394,229</u>
Total Liabilities and Fund Balance	<u>\$ 12,908,307</u>	<u>\$ 11,938,099</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2011

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Grand List	Uncollected Taxes July 1, 2010	Current Tax Levy			Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2011	
			Additions	Deductions			Taxes	Interest and Lien Fees	Total		
1995	\$ 4,326	\$	\$ 88	\$	\$	\$ 4,414	\$ 88	\$	\$ 88	\$ 4,326	
1996	4,540					4,540			-	4,540	
1997	4,379					4,379			-	4,379	
1998	4,816					4,816			-	4,816	
1999	1,844				33	1,811			-	1,811	
2000	2,832				32	2,800			-	2,800	
2001	9,664				542	9,122	380	3,873	4,253	8,742	
2002	19,656				7,507	12,149	1,169	1,231	2,400	10,980	
2003	13,786				705	13,081			-	13,081	
2004	55,404				23,247	32,157			-	32,157	
2005	52,953		662		1,114	52,501	2,501	1,084	3,585	50,000	
2006	89,125				857	88,268	10,324	4,366	14,690	77,944	
2007	282,050		545	92	64,746	217,757	106,680	21,096	127,776	111,077	
2008	630,339		98,980	100,997		628,322	364,077	71,374	435,451	264,245	
Total prior years	1,175,714		100,275	101,089	98,783	1,076,117	485,219	103,024	588,243	590,898	
2009		29,679,246	89,621	351,383		29,417,484	28,864,836	105,757	28,970,593	552,648	
Total	\$ 1,175,714	\$ 29,679,246	\$ 189,896	\$ 452,472	\$ 98,783	\$ 30,493,601	29,350,055	208,781	29,558,836	\$ 1,143,546	
							Suspense Collections	9,391	8,434	17,825	
							Total	29,359,446	\$ 217,215	\$ 29,576,661	

Property taxes receivable considered available:

June 30, 2010	(97,310)
June 30, 2011	83,234

Total taxes \$ 29,345,370

## TOWN OF WINDSOR LOCKS, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

## Special Revenue

	<u>Special Grants</u>	<u>Small Cities</u>	<u>Dog</u>	<u>Highway</u>	<u>School Cafeteria</u>	<u>Police Revolving</u>	<u>Parks and Recreation</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$	\$ 220,912	\$ 10,082	\$ 135,088	\$ 18,483	\$ 61,778	\$ 81,646
Investments							
Receivables, net	143,003				54,149	38,220	
Inventory					10,096		
Total Assets	\$ <u>143,003</u>	\$ <u>220,912</u>	\$ <u>10,082</u>	\$ <u>135,088</u>	\$ <u>82,728</u>	\$ <u>99,998</u>	\$ <u>81,646</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$	\$	\$ 7,619	\$	\$ 46,264	\$ 3,249	\$
Due to other funds	119,505		971			35,500	
Deferred revenue		220,912			3,884		
Total liabilities	<u>119,505</u>	<u>220,912</u>	<u>8,590</u>	<u>-</u>	<u>50,148</u>	<u>38,749</u>	<u>-</u>
Fund Balances:							
Nonspendable					10,096		
Restricted	23,498				54,149		
Committed			1,492	135,088		61,249	81,646
Unassigned					(31,665)		
Total fund balance	<u>23,498</u>	<u>-</u>	<u>1,492</u>	<u>135,088</u>	<u>32,580</u>	<u>61,249</u>	<u>81,646</u>
Total Liabilities and Fund Balances	\$ <u>143,003</u>	\$ <u>220,912</u>	\$ <u>10,082</u>	\$ <u>135,088</u>	\$ <u>82,728</u>	\$ <u>99,998</u>	\$ <u>81,646</u>

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## TOWN OF WINDSOR LOCKS, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

	Special Revenue				Permanent Fund	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Special Education Grants	Human Services	Police Department Asset Forfeiture	James DeForest Phelps	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 16,792	\$ 458,975	\$ 70,750	\$ 93,974	\$	\$ 1,168,480
Investments					3,835	3,835
Receivables, net		15,202				250,574
Inventory						10,096
Total Assets	<u>\$ 16,792</u>	<u>\$ 474,177</u>	<u>\$ 70,750</u>	<u>\$ 93,974</u>	<u>\$ 3,835</u>	<u>\$ 1,432,985</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 2,519	\$ 52,487	\$	\$	\$	\$ 112,138
Due to other funds		375,747				531,723
Deferred revenue		45,493				270,289
Total liabilities	<u>2,519.00</u>	<u>473,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>914,150</u>
Fund Balances:						
Nonspendable					3,000	13,096
Restricted		450		93,974		172,071
Committed	14,273		70,750		835	365,333
Unassigned						(31,665)
Total fund balance	<u>14,273</u>	<u>450</u>	<u>70,750</u>	<u>93,974</u>	<u>3,835</u>	<u>518,835</u>
Total Liabilities and Fund Balances	<u>\$ 16,792</u>	<u>\$ 474,177</u>	<u>\$ 70,750</u>	<u>\$ 93,974</u>	<u>\$ 3,835</u>	<u>\$ 1,432,985</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

Special Revenue

	<u>Special Grants</u>	<u>Small Cities</u>	<u>Dog</u>	<u>Highway</u>	<u>School Cafeteria</u>	<u>Police Revolving</u>	<u>Parks and Recreation</u>
Revenues:							
Intergovernmental	\$ 495,837	\$ 279,088	\$	\$ 258,871	\$ 345,823	\$	\$
Charges for services			4,545		429,880	210,218	269,971
Contributions	13,237						
Income from investments				14			
Other revenues	14,483						
Total revenues	<u>523,557</u>	<u>279,088</u>	<u>4,545</u>	<u>258,885</u>	<u>775,703</u>	<u>210,218</u>	<u>269,971</u>
Expenditures:							
Current:							
General government	996						
Public safety	45,200		9,469			238,818	
Public works	251,853	279,088		155,836			
Health and welfare	60,383						
Recreation	138,553						283,226
Education	15,641				795,228		
Total expenditures	<u>512,626</u>	<u>279,088</u>	<u>9,469</u>	<u>155,836</u>	<u>795,228</u>	<u>238,818</u>	<u>283,226</u>
Excess (Deficiency) of Revenues over Expenditures	10,931	-	(4,924)	103,049	(19,525)	(28,600)	(13,255)
Other Financing Sources (Uses):							
Transfers in (out)	<u>(10,000)</u>						
Net Change in Fund Balances	931	-	(4,924)	103,049	(19,525)	(28,600)	(13,255)
Fund Balances at Beginning of Year	<u>22,567</u>	<u>-</u>	<u>6,416</u>	<u>32,039</u>	<u>52,105</u>	<u>89,849</u>	<u>94,901</u>
Fund Balances at End of Year	<u>\$ 23,498</u>	<u>\$ -</u>	<u>\$ 1,492</u>	<u>\$ 135,088</u>	<u>\$ 32,580</u>	<u>\$ 61,249</u>	<u>\$ 81,646</u>

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## TOWN OF WINDSOR LOCKS, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue				Permanent Fund	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Special Education Grants	Human Services	Police Department Asset Forfeiture	James DeForest Phelps	
Revenues:						
Intergovernmental	\$	\$ 1,150,975	\$	\$ 1,689	\$	\$ 2,532,283
Charges for services	64,890	166,434	14,780			1,160,718
Contributions	5,618					18,855
Income from investments					49	63
Other revenues						14,483
Total revenues	<u>70,508</u>	<u>1,317,409</u>	<u>14,780</u>	<u>1,689</u>	<u>49</u>	<u>3,726,402</u>
Expenditures:						
Current:						
General government						996
Public safety				20,692		314,179
Public works						686,777
Health and welfare	69,468		1,320			131,171
Recreation						421,779
Education		1,327,460				2,138,329
Total expenditures	<u>69,468</u>	<u>1,327,460</u>	<u>1,320</u>	<u>20,692</u>	<u>-</u>	<u>3,693,231</u>
Excess (Deficiency) of Revenues over Expenditures	1,040	(10,051)	13,460	(19,003)	49	33,171
Other Financing Sources (Uses):						
Transfers in (out)		10,000			(49)	(49)
Net Change in Fund Balances	1,040	(51)	13,460	(19,003)	-	33,122
Fund Balances at Beginning of Year	<u>13,233</u>	<u>501</u>	<u>57,290</u>	<u>112,977</u>	<u>3,835</u>	<u>485,713</u>
Fund Balances at End of Year	<u>\$ 14,273</u>	<u>\$ 450</u>	<u>\$ 70,750</u>	<u>\$ 93,974</u>	<u>\$ 3,835</u>	<u>\$ 518,835</u>

## TOWN OF WINDSOR LOCKS, CONNECTICUT

**COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND - BY PROJECT**

**JUNE 30, 2011**

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Total Capital Projects Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,578,936	\$ 1,612,206	\$ 14,358	\$ 4,205,500
Receivables, net		21,950		21,950
Due from other funds	104	313,709		313,813
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 2,579,040</u>	<u>\$ 1,947,865</u>	<u>\$ 14,358</u>	<u>\$ 4,541,263</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Bond anticipation note payable	\$ <u>                    </u>	\$ <u>3,520,000</u>	\$ <u>                    </u>	\$ <u>3,520,000</u>
Fund Balances:				
Committed	2,579,040		14,358	2,593,398
Unassigned		(1,572,135)		(1,572,135)
Total fund balance	<u>2,579,040</u>	<u>(1,572,135)</u>	<u>14,358</u>	<u>1,021,263</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances	<u>\$ 2,579,040</u>	<u>\$ 1,947,865</u>	<u>\$ 14,358</u>	<u>\$ 4,541,263</u>

## TOWN OF WINDSOR LOCKS, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUND - BY PROJECT**

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Total Capital Projects Fund</u>
Revenues:				
Intergovernmental	\$ 4,691	\$ 313,709	\$	\$ 318,400
Income from investments	3,715	3,841	198	7,754
Other revenue		21,950		21,950
Total revenue	<u>8,406</u>	<u>339,500</u>	<u>198</u>	<u>348,104</u>
Expenditures:				
Capital outlay	2,059,050	2,464,104	121,534	4,644,688
Debt service	118,860			118,860
Total expenditures	<u>2,177,910</u>	<u>2,464,104</u>	<u>121,534</u>	<u>4,763,548</u>
Deficiency of Revenues over Expenditures	<u>(2,169,504)</u>	<u>(2,124,604)</u>	<u>(121,336)</u>	<u>(4,415,444)</u>
Other Financing Sources:				
Issuance of capital leases	720,086			720,086
Transfers in	1,278,732		77,755	1,356,487
Total other financing sources	<u>1,998,818</u>	<u>-</u>	<u>77,755</u>	<u>2,076,573</u>
Net Change in Fund Balances	(170,686)	(2,124,604)	(43,581)	(2,338,871)
Fund Balances at Beginning of Year	<u>2,749,726</u>	<u>552,469</u>	<u>57,939</u>	<u>3,360,134</u>
Fund Balances at End of Year	<u>\$ 2,579,040</u>	<u>\$ (1,572,135)</u>	<u>\$ 14,358</u>	<u>\$ 1,021,263</u>

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
Assets:				
Cash and cash equivalents:				
Student Activities Fund	\$ <u>261,338</u>	\$ <u>400,785</u>	\$ <u>418,663</u>	\$ <u>243,460</u>
Liabilities:				
Accounts payable:				
Student Activities Fund	\$ <u>261,338</u>	\$ <u>400,785</u>	\$ <u>418,663</u>	\$ <u>243,460</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**SEWER ADMINISTRATION FUND**  
**REPORT OF SEWER USE CHARGE COLLECTOR**  
**FOR THE YEAR ENDED JUNE 30, 2011**

List Year	Uncollected Charges July 1, 2010	Current Year Billings and Adjustments	Adjusted Charges Collectible	Collections			Uncollected Charges June 30, 2011
				Charges	Interest and Lien Fees	Total	
2001	\$ 97	\$	\$ 97	\$ 97	\$ 188	\$ 285	\$ -
2002	415		415	318	551	869	97
2003	1,673		1,673	416	648	1,064	1,257
2004	3,268		3,268	945	1,230	2,175	2,323
2005	5,742		5,742	1,736	1,939	3,675	4,006
2006	13,377		13,377	3,762	3,701	7,463	9,615
2007	25,570		25,570	6,716	4,512	11,228	18,854
2008	49,687		49,687	11,597	6,620	18,217	38,090
2009	91,062	(86)	90,976	28,517	9,560	38,077	62,459
Total prior years	190,891	(86)	190,805	54,104	28,949	83,053	136,701
2010		1,453,232	1,453,232	1,344,263	16,860	1,361,123	108,969
Total	<u>\$ 190,891</u>	<u>\$ 1,453,146</u>	<u>\$ 1,644,037</u>	<u>\$ 1,398,367</u>	<u>\$ 45,809</u>	<u>\$ 1,444,176</u>	<u>\$ 245,670</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2011

Total tax collections (including interest and lien fees) for current fiscal year	\$ 29,576,661
Reimbursement for loss of revenue:	
Tax relief for elderly	<u>5,813</u>
Base	<u>\$ 29,582,474</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 66,560,567	\$	\$	\$	\$
4-1/2 times base		133,121,133			
3-3/4 times base			110,934,278		
3-1/4 times base				96,143,041	
3 times base					88,747,422
Total debt limitation	<u>66,560,567</u>	<u>133,121,133</u>	<u>110,934,278</u>	<u>96,143,041</u>	<u>88,747,422</u>
Indebtedness:					
Bonds and notes payable	5,169,914	9,000,086	1,011,173		
Bonds authorized and unissued	3,205,000	1,720,000			
Less school building grants		<u>(1,626,692)</u>			
Net indebtedness	<u>8,374,914</u>	<u>9,093,394</u>	<u>1,011,173</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 58,185,653</u>	<u>\$ 124,027,739</u>	<u>\$ 109,923,105</u>	<u>\$ 96,143,041</u>	<u>\$ 88,747,422</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$207,077,318).

## TOWN OF WINDSOR LOCKS, CONNECTICUT

FOR THE YEAR ENDED JUNE 30, 2011

## PRINCIPAL TAXPAYERS

<u>Name</u>	<u>Nature of Business</u>	<u>Taxable Valuation as of 10/1/09</u>	<u>Percent of Net Taxable Grand List*</u>
United Technologies	Manufacturing	\$ 56,565,434	4.58 %
EAN Holdings LLC	Car rental	31,973,290	2.59
AREH Windsor Locks, LLC	Warehouse	22,594,200	1.83
Hartford Parking Property LLC	Valet parking	16,075,100	1.30
PV Holding Corp	Car rental	15,251,293	1.23
Hertz Vehicles LLC	Car rental	15,004,159	1.21
Connecticut Light & Power	Utility	11,333,820	0.92
Ahlstrom Nonwovens LLC	Manufacturing	10,937,082	0.89
Roncari Development Co.	Valet parking	10,845,400	0.88
AFP 100 Corp	Hotel	<u>10,515,060</u>	<u>0.85</u>
Total		\$ <u><u>201,094,838</u></u>	<u><u>16.27 %</u></u>

\* Based on 10/01/09 Net Taxable Grand List of \$1,235,689,386.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**

**ASSESSED VALUE OF TAXABLE PROPERTY  
(\$ in thousands)**

**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Grand List as of October 1,	Real Property		Other Land Percent	Personal Property Percent	Motor Vehicle Percent	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percentage Change
		Residential Percent	Commercial and Industrial Percent							
2011	2009	52.0	% 25.1	% 0.0	% 11.0	% 11.9	\$ 1,360,972	\$ 125,283	\$ 1,235,689	0.0 %
2010	2008	50.8	25.9	0.0	11.4	11.7	1,369,385	109,493	1,259,892	0.1
2009	2007	46.6	24.7	0.0	14.3	14.3	1,252,602	99,785	1,152,817	3.6
2008	2006	47.9	24.5	0.0	14.2	13.4	1,199,002	86,349	1,112,653	1.5
2007	2005	47.5	24.2	0.0	14.5	13.8	1,178,178	81,445	1,096,733	2.4
2006	2004	47.0	25.6	0.0	13.9	13.5	1,158,850	88,179	1,070,671	2.3
2005	2003	47.2	23.3	0.0	13.1	16.4	1,113,681	66,703	1,046,978	20.2
2004	2002	37.5	24.1	0.1	14.9	23.5	951,513	80,527	870,986	(3.1)
2003	2001	37.0	24.0	0.1	21.3	17.6	955,633	56,694	898,939	0.1
2002	2000	36.8	24.1	0.1	21.2	17.9	947,915	49,556	898,359	1.9

Date of Last Revaluation 10/1/09  
Based on Assessor Data

## TOWN OF WINDSOR LOCKS, CONNECTICUT

## CURRENT DEBT STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

Bonded Debt		
General purpose	\$	5,169,914
Schools		9,000,086
Sewers		1,011,173
Total bonded debt		<u>15,181,173</u>
Short-term debt		<u>4,925,000</u>
Total direct debt		20,106,173
Less school construction grants receivable		<u>(1,626,692)</u>
Total Overall Net Debt	\$	<u><u>18,479,481</u></u>

## CURRENT DEBT RATIOS

FOR THE YEAR ENDED JUNE 30, 2011

Population, 2010		12,502
Per capita income, 2010	\$	23,079
Net taxable grand list, 10/1/09	\$	1,235,689,386
Estimated full value @ 70%	\$	1,765,270,551
Equalized net grand list, 2008**	\$	1,965,482,324

	<b>Overall Debt</b>	<b>Overall Net Debt</b>
	<b>\$ 20,106,173</b>	<b>\$ 18,479,481</b>
Per capita	\$ 1,608.24	\$ 1,478.12
To net taxable grand list	1.63%	1.50%
To estimated full value @ 70%	1.14%	1.05%
To equalized net grand list, 2007	1.02%	0.94%
Ratio of debt per capita to per capita income	6.97%	6.40%

\*State of Connecticut Office of Policy and Management

\*\* Equalized Net Grand List Information, State of Connecticut Office of Policy and Management

TOWN OF WINDSOR LOCKS, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Grand List October 1,	Net Taxable Grand List (thousands)	Mill Rate	Total Adjusted Tax levy (thousands)	Percentage of Annual Levy					
					Collected at End of Fiscal Year	Uncollected at End of Fiscal Year	Uncollected as of June 30, 2011			
2011	2009	\$ 1,235,689	23.15	\$ 29,417	98.1	%	1.9	%	1.90%	%
2010	2008	1,259,892	21.65	27,675	97.7		2.3		2.28%	
2009	2007	1,152,817	23.57	27,793	97.9		2.1		1.01%	
2008	2006	1,112,654	22.88	26,817	98.6		1.4		0.33%	
2007	2005	1,096,733	22.65	26,060	98.6		1.4		0.20%	
2006	2004	1,079,430	22.40	25,161	98.1		1.9		0.22%	
2005	2003	1,046,978	20.69	22,629	98.7		1.3		0.06%	
2004	2002	870,986	24.00	22,357	98.2		1.8		0.09%	
2003	2001	898,939	22.21	20,871	98.3		1.7		0.05%	
2002	2000	898,359	21.21	20,228	98.4		1.6		0.01%	