

TOWN OF WINDSOR LOCKS, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2013

TOWN OF WINDSOR LOCKS, CONNECTICUT

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Independent Auditors' Report

To the Board of Finance
Town of Windsor Locks, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Windsor Locks, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Windsor Locks, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Windsor Locks, Connecticut, as of June 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 43 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Windsor Locks, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2013 on our consideration of the Town of Windsor Locks, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Windsor Locks, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 21, 2013

**TOWN OF WINDSOR LOCKS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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, 2013. 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 \$75.7 million (net position). Of this amount, \$21.6 million (unrestricted net position) 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 position increased by \$3.3 million (4.6%) from \$72.4 million to \$75.7 million. The majority of the increase is attributable to the capital assets.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9.9 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 \$10.2 million, or 23.3% of total General Fund expenditures and transfers out.
- The Town's bonded debt excluding capital leases decreased by \$1.7 million or 10.1% 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 position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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 position from a year ago increased from \$72.4 million to \$75.7 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

TABLE 1
NET POSITION
In Thousands

	Governmental Activities	
	2013	2012
Current and other assets	\$ 28,207	\$ 24,378
Capital assets, net of accumulated depreciation	72,655	70,244
Total assets	<u>100,862</u>	<u>94,622</u>
Long-term debt outstanding	14,184	15,766
Other liabilities	10,950	6,460
Total liabilities	<u>25,134</u>	<u>22,226</u>
Net Position:		
Net investment in capital assets	54,116	52,305
Restricted	4	4
Unrestricted	<u>21,608</u>	<u>20,087</u>
Total Net Position	<u>\$ 75,728</u>	<u>\$ 72,396</u>

Net position of the Town's governmental activities increased by 4.6%. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$20.1 million at June 30, 2012 to \$21.6 million at the end of this year.

TABLE 2
CHANGE IN NET POSITION
In Thousands

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services:	\$ 4,206	\$ 3,961
Operating grants and contributions	11,645	12,314
Capital grants and contributions	237	206
General revenues:		
Property taxes	31,510	30,193
Grants and contributions not restricted to specific purposes	6,217	6,091
Investment income	82	131
Miscellaneous	126	71
Total revenues	54,023	52,967
Expenses:		
General government	2,290	2,045
Public safety	4,949	4,921
Public works	5,326	6,647
Health and welfare	422	464
Recreation	1,198	1,119
Education	36,116	35,397
Interest on long-term debt	390	550
Total program expenses	50,691	51,143
Increase in Net Position	\$ 3,332	\$ 1,824

The Town's total revenues were \$54.0 million. The total cost of all programs and services was \$50.7 million. Our analysis below considers the operations of governmental activities.

Governmental Activities

Approximately 58.0% of the revenues were derived from property taxes, followed by 21.5% from operating grants and contributions, 11.5% from other grants and 8.8% charges for services. The remaining 0.2% was derived from investment earnings and miscellaneous revenue.

Major revenue factors included:

- Property tax revenues recorded for fiscal year 2013 reflect an increase in the Town's tax rate of 4.6%. The additional tax rate resulted in additional revenues of \$1.3 million.
- Operating and capital grants decreased by \$669 thousand.
- Charges for services increased by \$245 thousand.
- Grants and contributions not restricted to specific purposes increased by \$126 thousand.

For the most part, decreases in expenses closely paralleled inflation and decrease 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, liability, and worker’s compensation averaged a 13.6% increase. The Town has a self insured medical program and this year our medical insurance expenditures decreased by 18.6%.
- 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**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General government	\$ 2,290	\$ 2,045	\$ 1,064	\$ (329)
Public safety	4,949	4,921	4,591	4,493
Public works	5,326	6,647	2,458	3,993
Health and welfare	422	464	206	384
Recreation	1,198	1,119	713	648
Education	36,116	35,397	25,218	24,966
Interest	390	550	353	506
Totals	<u>\$ 50,691</u>	<u>\$ 51,143</u>	<u>\$ 34,603</u>	<u>\$ 34,661</u>

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$9.9 million, which is a decrease from last year’s total of \$11.6 million. Approximately \$4.0 million (40.5%) of this total amount constitutes unassigned fund balance, which is available for spending at the Town’s discretion. \$1.1 million (10.57%) is assigned as encumbrances and subsequent years appropriations. \$4.4 million (44.9%) 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 (\$252 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 \$11.3 million and \$10.2 million, respectively.

There has been a designated use of fund balance for next year's budget in the amount of \$650,000, while unassigned fund balance was \$10.2 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 23.3% of total General Fund expenditures and other financing.

The fund balance of the Town's General Fund increased by \$1.4 million during the current fiscal year. The key factor was a decrease in Town expenses for the budget year and an unanticipated one time revenue.

Sewer Administration Fund

The fund balance increased by approximately \$92 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 2012-13 were \$4.9 million.

The Town is continuing renovations and upgrade projects for Town Hall. A two year sewer and road construction project has been completed for South Center Street. In 2011, the Town was awarded a Small Cities Grant for road reconstruction on Pearl and Fern Streets and was completed during this year. There have been various sidewalk improvements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, 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 \$112.9 and \$72.7 million net of accumulated depreciation.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)
In Thousands

	Governmental Activities	
	2013	2012
Land	\$ 3,694	\$ 3,694
Construction in progress	3,169	4,575
Land improvements	1,983	1,537
Buildings	7,707	7,906
Building improvements	28,432	27,618
Machinery and equipment	5,463	5,919
Vehicles	2,097	2,081
Furniture and fixtures	177	168
Infrastructure	19,933	16,746
Totals	\$ 72,655	\$ 70,244

This year's major additional included:

- Completion of South Center Street
- North Street School Roof Project
- Various road and sewer projects

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, 2013, the Town had bonded debt outstanding of \$10.7 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 \$1.7 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 \$218.7 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 November 2013 unemployment rate for the Town is currently 7.2%, which is a decrease from a rate of 9.4% a year ago. This compares favorably to the State's average unemployment rate of 7.9% as of November 2013. Recessionary trends are consistent with national indices.

All of these factors were considered in preparing the Town's budget for the 2013 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$731 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 POSITION

JUNE 30, 2013

	Governmental Activities
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 17,660,608
Investments	6,847,648
Receivables, net	3,689,408
Inventories	9,335
Capital assets:	
Assets not being depreciated	6,863,624
Assets being depreciated, net	65,791,087
Total assets	<u>100,861,710</u>
Liabilities:	
Accounts and other payables	2,102,276
Bond anticipation note payable	8,700,000
Unearned revenue	147,161
Noncurrent liabilities:	
Due within one year	2,072,095
Due in more than one year	12,112,071
Total liabilities	<u>25,133,603</u>
Net Position:	
Net investment in capital assets	54,116,524
Restricted for trust purposes:	
Nonexpendable	3,835
Unrestricted	21,607,748
Total Net Position	<u><u>\$ 75,728,107</u></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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 2,290,232	\$ 375,804	\$ 849,967	\$	\$ (1,064,461)
Public safety	4,949,099	305,028	53,472		(4,590,599)
Public works	5,325,602	2,040,545	590,140	236,554	(2,458,363)
Health and welfare	422,136	66,134	149,645		(206,357)
Recreation	1,198,150	485,108			(713,042)
Education	36,115,232	932,922	9,964,687		(25,217,623)
Interest on long-term debt	389,867		36,687		(353,180)
Total Governmental Activities	<u>\$ 50,690,318</u>	<u>\$ 4,205,541</u>	<u>\$ 11,644,598</u>	<u>\$ 236,554</u>	<u>(34,603,625)</u>
General revenues:					
Property taxes					31,510,693
Grants and contributions not restricted to specific programs					6,217,244
Unrestricted investment earnings					81,920
Miscellaneous					126,269
Total general revenues					<u>37,936,126</u>
Change in net position					3,332,501
Net Position at Beginning of Year					<u>72,395,606</u>
Net Position at End of Year					<u>\$ 75,728,107</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 6,635,150	\$ 569,017	\$ 4,745,692	\$ 980,907	\$ 12,930,766
Investments	5,588,591	1,255,222		3,835	6,847,648
Receivables, net	2,566,073	243,307		147,560	2,956,940
Due from other funds	132,364		38,450	186,296	357,110
Inventories				9,335	9,335
Total Assets	<u>\$ 14,922,178</u>	<u>\$ 2,067,546</u>	<u>\$ 4,784,142</u>	<u>\$ 1,327,933</u>	<u>\$ 23,101,799</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 1,294,934	\$ 3,824	\$ 130,942	\$ 265,161	\$ 1,694,861
Bond anticipation notes payable			8,700,000		8,700,000
Due to other funds	291,981	7,664	8,346	154,804	462,795
Deferred revenue	<u>2,050,286</u>	<u>238,844</u>		<u>64,764</u>	<u>2,353,894</u>
Total liabilities	<u>3,637,201</u>	<u>250,332</u>	<u>8,839,288</u>	<u>484,729</u>	<u>13,211,550</u>
Fund balances:					
Nonspendable				12,335	12,335
Restricted				239,645	239,645
Committed		1,817,214	2,067,192	592,065	4,476,471
Assigned	1,084,965				1,084,965
Unassigned	<u>10,200,012</u>		<u>(6,122,338)</u>	<u>(841)</u>	<u>4,076,833</u>
Total fund balances	<u>11,284,977</u>	<u>1,817,214</u>	<u>(4,055,146)</u>	<u>843,204</u>	<u>9,890,249</u>
Total Liabilities and Fund Balances	<u>\$ 14,922,178</u>	<u>\$ 2,067,546</u>	<u>\$ 4,784,142</u>	<u>\$ 1,327,933</u>	<u>\$ 23,101,799</u>

(Continued on next page)

TOWN OF WINDSOR LOCKS, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 9,890,249
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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	\$ 112,867,018	
Less accumulated depreciation	<u>(40,212,307)</u>	
Net capital assets		72,654,711

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	861,139
Interest and lien receivable on property taxes	606,490
Assessments receivable	238,844
Interest and lien receivable on assessments	83,267
Receivable from the state for school construction projects	1,106,750

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 position.

4,594,631

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	(11,557,035)
Interest payable on bonds and notes	(123,808)
Compensated absences	(942,763)
Capital leases	(522,429)
OPEB obligation	(1,031,678)
Heart and hypertension	(160,000)
Deferred charges on refunding	<u>29,739</u>

Net Position of Governmental Activities (Exhibit I)	\$ <u><u>75,728,107</u></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, 2013

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 31,479,654	\$	\$	\$	\$ 31,479,654
Intergovernmental	15,521,733	5,587	236,554	2,656,836	18,420,710
Charges for services	787,024	1,892,157		1,350,875	4,030,056
Contributions				133,660	133,660
Income on investments	63,945	10,071	4,072	30	78,118
Other revenues	46,856	11	1,950	68,952	117,769
Total revenues	<u>47,899,212</u>	<u>1,907,826</u>	<u>242,576</u>	<u>4,210,353</u>	<u>54,259,967</u>
Expenditures:					
Current:					
General government	1,641,764			292,368	1,934,132
Public safety	4,094,162			281,081	4,375,243
Public works	2,447,025	1,580,898		490,681	4,518,604
Health and welfare	343,991			72,486	416,477
Recreation	795,622			318,786	1,114,408
Employee benefits and insurance	2,630,761				2,630,761
Education	31,350,999			2,490,356	33,841,355
Capital outlay			4,893,355		4,893,355
Debt service	2,377,967				2,377,967
Total expenditures	<u>45,682,291</u>	<u>1,580,898</u>	<u>4,893,355</u>	<u>3,945,758</u>	<u>56,102,302</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,216,921</u>	<u>326,928</u>	<u>(4,650,779)</u>	<u>264,595</u>	<u>(1,842,335)</u>
Other Financing Sources (Uses):					
Issuance of capital leases			174,922		174,922
Transfers in	133,209		817,397		950,606
Transfers out	(685,283)	(235,297)		(30,026)	(950,606)
Total other financing sources (uses)	<u>(552,074)</u>	<u>(235,297)</u>	<u>992,319</u>	<u>(30,026)</u>	<u>174,922</u>
Net Change in Fund Balances	1,664,847	91,631	(3,658,460)	234,569	(1,667,413)
Fund Balances at Beginning of Year	<u>9,620,130</u>	<u>1,725,583</u>	<u>(396,686)</u>	<u>608,635</u>	<u>11,557,662</u>
Fund Balances at End of Year	<u>\$ 11,284,977</u>	<u>\$ 1,817,214</u>	<u>\$ (4,055,146)</u>	<u>\$ 843,204</u>	<u>\$ 9,890,249</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, 2013

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)	\$ (1,667,413)
---	----------------

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	4,835,725
Depreciation expense	(2,425,252)

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	(256,028)
Property tax receivable - accrual basis change	(65,479)
Property tax interest and lien receivable - accrual basis change	96,518
Sewer assessment receivable - accrual basis change	(11,835)
Sewer assessment interest and lien receivable - accrual change	(4,126)

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 position. 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	1,800,414
Capital lease proceeds	(174,922)
Capital lease payments	177,012

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	27,025
OPEB obligation	(192,402)
Accrued interest	23,130
Amortization of deferred charge on refunding	(12,456)
Heart and hypertension claims	(42,500)

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.

1,225,090

Change in Net Position of Governmental Activities (Exhibit II)

\$ <u><u>3,332,501</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2013

		Governmental Activities
		Internal Service Fund
		<u> </u>
Assets:		
Current:		
Cash and cash equivalents	\$	4,729,842
Accounts receivable		42,711
Due from other funds		<u>105,685</u>
Total assets		<u>4,878,238</u>
Liabilities:		
Claims payable		<u>283,607</u>
Net Position:		
Unrestricted	\$	<u><u>4,594,631</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 POSITION - PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:	
Premiums	\$ <u>5,731,566</u>
Operating Expenses:	
Claims	3,781,354
Administration	<u>728,924</u>
Total operating expenses	<u>4,510,278</u>
Operating Income	1,221,288
Nonoperating Revenue:	
Income on investments	<u>3,802</u>
Change in Net Position	1,225,090
Net Position at Beginning of Year	<u>3,369,541</u>
Net Position at End of Year	\$ <u><u>4,594,631</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, 2013

	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 5,910,360
Cash payments to providers of benefits and administration	<u>(4,543,336)</u>
Net cash provided by operating activities	<u>1,367,024</u>
Cash Flows from Investing Activities:	
Income on investments	<u>3,802</u>
Net Increase in Cash and Cash Equivalents	1,370,826
Cash and Cash Equivalents at Beginning of Year	<u>3,359,016</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 4,729,842</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,221,288
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other funds	(39,490)
Increase in accounts receivable	218,284
Decrease in claims payable	<u>(33,058)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,367,024</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2013

	<u>OPEB Trust Fund</u>	<u>Student Activity Fund</u>
Assets:		
Cash and cash equivalents	\$	\$ <u>248,781</u>
Investments	1,550,968	
Liabilities:		
Accounts and other payables		\$ <u>248,781</u>
Net Position:		
Held in Trust for OPEB Benefits	\$ <u>1,550,968</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET POSITION - OPEB TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2013

	OPEB Trust Fund
Additions:	
Contributions:	
Employer	\$ 179,841
Employee	345,715
Total contributions	<u>525,556</u>
Investment income:	
Net appreciation in fair value of investments	<u>179,056</u>
Total additions	<u>704,612</u>
Deductions:	
Benefits	<u>393,624</u>
Net Increase	310,988
Net Position Held in Trust for OPEB Benefits at Beginning of Year	<u>1,239,980</u>
Net Position Held in Trust for OPEB Benefits at End of Year	<u>\$ 1,550,968</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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 position 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.

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 \$457,975 has been established as an allowance for uncollectible taxes. At June 30, 2013, this represents 29% of all property taxes receivable.

In the fund financial statements, all property taxes receivable at June 30, 2013, 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 position. 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 position” and is classified in the following categories:

Net Investment in Capital Assets - This component of net position 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 Position - Net position is restricted because it is 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 net position under restriction.

Unrestricted Net Position - This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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). Amounts can be committed, modified or rescinded by resolution of the Board of Finance or vote at Town Meeting.

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

There were no additional appropriations made from fund balance 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. Fund Deficits

The Capital Projects Fund has a fund deficit of \$4,055,146 which will be financed by permanent financing of General Fund transfers. The Special Education Grants fund has a deficit of \$841 which will be funded by future grants and contributions.

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*, \$4,800,172 of the Town's bank balance of \$5,300,172 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,295,981
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>504,191</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 4,800,172</u>

Cash Equivalents

At June 30, 2013, the Town's cash equivalents amounted to \$13,573,793. 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 & 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, 2013, 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	*	\$ 6,847,648	\$ -	\$ 6,847,648	\$ -
Other investments:					
Mutual funds	n/a	<u>1,550,968</u>			
Total Investments		<u>\$ 8,398,616</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, 2013, 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>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 1,577,913	\$	\$	\$ 1,577,913
Accounts	76,793	4,463	95,254	176,510
Sewer assessments		243,344		243,344
Intergovernmental	1,369,342		95,017	1,464,359
Gross receivables	<u>3,024,048</u>	<u>247,807</u>	<u>190,271</u>	<u>3,462,126</u>
Less allowance for uncollectibles	<u>(457,975)</u>	<u>(4,500)</u>		<u>(462,475)</u>
Net Total Receivables	<u>\$ 2,566,073</u>	<u>\$ 243,307</u>	<u>\$ 190,271</u>	<u>\$ 2,999,651</u>

Note: Above does not include accrued interest and liens on property taxes of \$606,490 and sewer use charges of \$83,267.

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	\$ 861,139	\$
Special assessments	238,844	
Grant drawdowns prior to meeting all eligibility requirements		64,764
School building grants	1,106,750	
Premium on bond anticipation notes		<u>82,397</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,206,733</u>	<u>\$ 147,161</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 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	<u>4,575,017</u>	<u>(4,188,816)</u>	<u>2,783,176</u>		<u>3,169,377</u>
Total capital assets not being depreciated	<u>8,269,264</u>	<u>(4,188,816)</u>	<u>2,783,176</u>	<u>-</u>	<u>6,863,624</u>
Capital assets being depreciated:					
Buildings	14,750,314				14,750,314
Building improvements	34,949,860	1,117,420	441,397		36,508,677
Land improvements	2,211,541	232,841	298,954		2,743,336
Machinery and equipment	12,710,065	37,471	174,717	(88,322)	12,833,931
Vehicles	4,532,957		285,913	(117,375)	4,701,495
Furniture and fixtures	202,028		20,846		222,874
Infrastructure	<u>30,610,961</u>	<u>2,801,084</u>	<u>830,722</u>		<u>34,242,767</u>
Total capital assets being depreciated	<u>99,967,726</u>	<u>4,188,816</u>	<u>2,052,549</u>	<u>(205,697)</u>	<u>106,003,394</u>
Less accumulated depreciation for:					
Buildings	(6,844,562)		(198,445)		(7,043,007)
Building improvements	(7,331,479)		(745,558)		(8,077,037)
Land improvements	(674,350)		(85,495)		(759,845)
Machinery and equipment	(6,791,274)		(667,922)	88,322	(7,370,874)
Vehicles	(2,451,632)		(272,175)	117,375	(2,606,432)
Furniture and fixtures	(34,145)		(11,535)		(45,680)
Infrastructure	<u>(13,865,310)</u>		<u>(444,122)</u>		<u>(14,309,432)</u>
Total accumulated depreciation	<u>(37,992,752)</u>	<u>-</u>	<u>(2,425,252)</u>	<u>205,697</u>	<u>(40,212,307)</u>
Total capital assets being depreciated, net	<u>61,974,974</u>	<u>4,188,816</u>	<u>(372,703)</u>	<u>-</u>	<u>65,791,087</u>
Governmental Activities Capital Assets, Net	<u>\$ 70,244,238</u>	<u>\$ -</u>	<u>\$ 2,410,473</u>	<u>\$ -</u>	<u>\$ 72,654,711</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 195,162
Public safety	245,073
Public works	943,610
Recreation	52,382
Education	<u>989,025</u>
Total	<u>\$ 2,425,252</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2013 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Administration Fund	\$ 7,664
	Capital Projects Fund	8,346
	Nonmajor Governmental Funds	<u>116,354</u>
		132,364
Capital Projects	Nonmajor Governmental Funds	<u>38,450</u>
Nonmajor Governmental Funds	General Fund	186,296
Internal Service Fund	General Fund	<u>105,685</u>
		<u>\$ 462,795</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	\$	\$ 685,283	\$ 685,283
Sewer Administration Fund	103,183	132,114	235,297
Nonmajor Governmental	<u>30,026</u>	<u> </u>	<u>30,026</u>
Total Transfers In	<u>\$ 133,209</u>	<u>\$ 817,397</u>	<u>\$ 950,606</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, 2013 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	\$ 12,430,000	\$ -	\$ 1,715,000	\$ 10,715,000	\$ 1,695,000
Clean water notes	927,449	-	85,414	842,035	87,138
Total	<u>13,357,449</u>	<u>-</u>	<u>1,800,414</u>	<u>11,557,035</u>	<u>1,782,138</u>
Less deferred amounts on refunded bonds	(42,195)	-	(12,456)	(29,739)	-
Total bonds and notes payable	13,315,254	-	1,787,958	11,527,296	1,782,138
Capital leases	524,519	174,922	177,012	522,429	177,807
OPEB obligation	839,276	192,402	-	1,031,678	-
Compensated absences	969,788	-	27,025	942,763	112,150
Heart and hypertension claims	117,500	42,500	-	160,000	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 15,766,337</u>	<u>\$ 409,824</u>	<u>\$ 1,991,995</u>	<u>\$ 14,184,166</u>	<u>\$ 2,072,095</u>

The following is a summary of bond and note issues at June 30, 2013:

<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, 2013</u>
Bonds/notes:					
Town:					
General obligation	11/1/2009	8/1/2024	2.0-4.0	\$ 5,518,350	\$ 4,442,555
Schools:					
Refunding bond	3/1/2005	9/15/2018	3.0-5.0	10,705,000	4,235,000
Refunding bond	3/15/2003	3/15/2016	2.125-4.0	6,630,000	1,380,000
General obligation	11/1/2009	8/1/2024	2.0-4.0	816,650	657,445
Sewer:					
Clean water loan	5/31/2003	5/31/2022	2.0	1,715,669	842,035
					<u>\$ 11,557,035</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
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	1,215,000	177,870	92,522	10,661	1,307,522	188,531
2018	1,200,000	137,095	94,389	8,794	1,294,389	145,889
2019-2023	2,400,000	359,304	388,398	15,734	2,788,398	375,038
2024-2025	850,000	33,575			850,000	33,575
Total	\$ 10,715,000	\$ 1,607,151	\$ 842,035	\$ 78,012	\$ 11,557,035	\$ 1,685,163

Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2013:

Date Issued	Maturity Date	Interest Rate (%)	Balance July 1, 2012	Issued	Retired	Balance June 30, 2013
10-6-11	7-5-12	1.50	\$ 4,400,000	\$	\$ 4,400,000	\$ -
7-5-12	4-13-13	1.00		7,250,000	7,250,000	-
4-4-13	10-4-13	0.75		8,700,000		8,700,000
			\$ 4,400,000	\$ 8,700,000	\$ 4,400,000	\$ 8,700,000

Capital Projects

As of June 30, 2013, the Town had authorized unissued bonds of \$4,231,483 available to fund capital projects.

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	\$ 70,287,937	\$ 7,482,555	\$ 62,805,382
Schools	140,575,874	6,357,178	134,218,696
Sewers	117,146,561	842,035	116,304,526
Urban renewal	101,527,020		101,527,020
Pension deficit	93,717,249		93,717,249

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$218.7 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 \$1,106,750 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 pay loader and a fire truck.

The assets acquired through capital leases are as follows:

	<u>Amount</u>
Asset:	
Equipment	\$ 1,085,625
Less accumulated depreciation	<u>106,543</u>
 Total	 \$ <u><u>979,082</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, 2013:

<u>Year Ending June 30</u>	<u>Amount</u>
2014	\$ 191,706
2015	178,221
2016	91,508
2017	<u>91,508</u>
Total minimum lease payments	552,943
Less amount representing interest	<u>(30,514)</u>
 Present Value of Future Minimum Lease Payment	 \$ <u><u>522,429</u></u>

8. FUND BALANCE

The components of fund balance for governmental funds at June 30, 2013 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				9,335	9,335
Restricted for:					
Grants				239,645	239,645
Committed to:					
Sewer assessment			1,817,214		1,817,214
Capital projects		2,067,192			2,067,192
General government				835	835
Public safety				67,412	67,412
Public works				302,357	302,357
Health and welfare				88,101	88,101
Education				26,916	26,916
Recreation				106,444	106,444
Assigned to:					
General government - encumbrances	30,048				30,048
Public safety - encumbrances	10,961				10,961
Public works - encumbrances	28,375				28,375
Recreation - encumbrances	1,597				1,597
Education - encumbrances	363,984				363,984
Subsequent year's appropriations	650,000				
Unassigned	<u>10,200,012</u>	<u>(6,122,338)</u>		<u>(841)</u>	<u>4,076,833</u>
Total Fund Balances	<u>\$ 11,284,977</u>	<u>\$ (4,055,146)</u>	<u>\$ 1,817,214</u>	<u>\$ 843,204</u>	<u>\$ 9,240,249</u>

Encumbrances of \$434,965 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:

Medical Insurance Fund	Balance July 1	Current Year Claims And Changes In Estimates	Claims Payments	Balance June 30
2011-2012	\$ 358,958	\$ 4,641,849	\$ 4,684,142	\$ 316,665
2012-2013	316,665	3,781,354	3,814,412	283,607

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, 2011, 2012 and 2013 were \$617,037, \$700,489 and \$732,126, 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 \$13,726,681.

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, 2013, the Town has recorded in the General Fund intergovernmental revenue schools and schools expenditures in the amount of \$2,878,485 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, 2011, plan membership consisted of the following:

	Retiree Health Plan
Retired members and their spouses	42
Active plan members	321
Total Participants	<u>363</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, 2013, plan members contributed \$345,715, and claims and benefits paid were \$392,124. Employer contributions were \$179,841. 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:

	Retiree Health Plan
Annual required contribution (ARC)	\$ 375,382
Interest on net OPEB obligation	62,946
Adjustment to annual required contribution	<u>(66,085)</u>
Annual OPEB cost	372,243
Contributions made	<u>179,841</u>
Increase in net OPEB obligation	192,402
Net OPEB obligation, beginning of year	<u>839,276</u>
Net OPEB Obligation, End of Year	<u><u>\$ 1,031,678</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, 2011, 2012 and 2013 are presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/11	\$ 441,141	\$ 330,534	74.93 %	\$ 610,343
6/30/12	451,913	222,980	74.92	839,276
6/30/13	372,243	179,841	48.31	1,031,678

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed
6/30/11	\$ 443,010	\$ 330,534	74.61 %
6/30/12	454,196	222,980	49.09
6/30/13	375,382	179,841	47.91

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
7/1/2011	1,065,348	3,924,205	2,858,857	27	23,952,238	12

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, 2011 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 8% 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 each year over a constant 30 year period, as a level dollar amount.

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.

13. SUBSEQUENT EVENTS

On October 1, 2013, the Town issued \$4,740,000 of General Obligation Bonds. The bonds carry interest rates ranging from 2.0% to 4.0%.

On October 4, 2013, the Town issued \$4,510,000 of Bond Anticipation Notes. The notes carry an interest rate of 1.25% and will mature July 1, 2014.

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, 2013

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Property Taxes:				
Current taxes	\$ 29,768,427	\$ 29,768,427	\$ 29,543,735	\$ (224,692)
Supplemental taxes	1,200,000	1,200,000	1,225,441	25,441
Prior year taxes	350,000	350,000	384,910	34,910
Interest and lien fees	150,000	150,000	250,702	100,702
Telephone access line	51,052	51,052	45,185	(5,867)
Housing authority in lieu of tax	26,000	26,000	29,681	3,681
Total property taxes	<u>31,545,479</u>	<u>31,545,479</u>	<u>31,479,654</u>	<u>(65,825)</u>
Intergovernmental:				
General government:				
In lieu of tax, State Property	4,147,392	4,147,392	4,024,300	(123,092)
Elderly circuit breaker	136,000	136,000	125,424	(10,576)
Totally Disabled Grants	300	300	467	167
Capital improvement program	80,740	80,740		(80,740)
Veterans' Exemptions	11,000	11,000	13,458	2,458
Office of Emergency Management	6,000	6,000	6,248	248
Off Track Betting/Teletheater	500,000	500,000	519,614	19,614
Mashantucket Pequot/Mohegan Grant	448,115	448,115	443,586	(4,529)
Municipal Revenue Sharing	1,514,172	1,514,172	1,601,766	87,594
Senior Center Transportation Grant	11,000	11,000	10,776	(224)
Youth Services	14,000	14,000	14,000	-
Public Works Grants	1	1		(1)
Various Grants			21,585	21,585
Total general government	<u>6,868,720</u>	<u>6,868,720</u>	<u>6,781,224</u>	<u>(87,496)</u>
Education:				
Educational Cost Sharing	4,652,368	4,652,368	4,697,034	44,666
School Building Grants	292,714	292,714	292,714	-
ADA Compliance Reimbursement Grant			8,710	8,710
School Transportation	72,833	72,833	74,956	2,123
Special Education	1	1	588,664	588,663
Total education	<u>5,017,916</u>	<u>5,017,916</u>	<u>5,662,078</u>	<u>644,162</u>
Total intergovernmental	<u>11,886,636</u>	<u>11,886,636</u>	<u>12,443,302</u>	<u>556,666</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for Services:				
Conveyance tax	\$ 75,000	\$ 75,000	\$ 86,104	\$ 11,104
Town Clerk's Office	70,000	70,000	100,865	30,865
Building permits	200,000	200,000	138,045	(61,955)
Zoning Board of Appeals	1,500	1,500	1,649	149
Planning and Zoning	5,000	5,000	4,874	(126)
Other licenses and permits	2,500	2,500	9,820	7,320
Trash haulers permits	2,100	2,100	2,400	300
Assessors Office	600	600	128	(472)
Inland Wetland fees	1,000	1,000	1,213	213
False alarm fines	1,000	1,000		(1,000)
Superior Court	10,000	10,000	12,591	2,591
Parking tickets	25,000	25,000	16,870	(8,130)
CONA program fees	8,500	8,500	8,500	-
Airplane registration fees	47,000	47,000	64,180	17,180
Tuitions	8,000	8,000	8,261	261
Park Revolving Fund	179,230	179,230	179,230	-
Police accident reports	19,568	19,568	15,724	(3,844)
Senior Citizen Mini-bus fee	3,000	3,000	3,420	420
Rental of town building	2,500	2,500	875	(1,625)
Rent from schools	2,500	2,500	2,321	(179)
Tower rental	75,000	75,000	87,083	12,083
Recycling program	24,638	24,638	12,871	(11,767)
Town auction	1	1		(1)
Police reimbursement	30,000	30,000	30,000	-
Total charges for services	<u>793,637</u>	<u>793,637</u>	<u>787,024</u>	<u>(6,613)</u>
Investment Income:				
Income on investments	<u>90,000</u>	<u>90,000</u>	<u>63,945</u>	<u>(26,055)</u>
Other Revenues:				
Miscellaneous receipts	35,361	35,361	80,599	45,238
Workers' Compensation	12,000	12,000	10,141	(1,859)
Total other revenues	<u>47,361</u>	<u>47,361</u>	<u>90,740</u>	<u>43,379</u>
Total revenues	<u>44,363,113</u>	<u>44,363,113</u>	<u>44,864,665</u>	<u>501,552</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, 2013

	<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	\$ 133,183	\$ 2,549
James DeForest Phelps Fund	50	50	26	(24)
Total other financing sources	<u>130,684</u>	<u>130,684</u>	<u>133,209</u>	<u>2,525</u>
Total	\$ <u>44,493,797</u>	\$ <u>44,493,797</u>	44,997,874	\$ <u>504,077</u>
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			2,878,485	
The Board of Education does not budget for charges for services revenues received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.			199,946	
Cancellation of prior year encumbrances are recognized as budgetary revenue.			<u>(43,884)</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>48,032,421</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, 2013

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Auditing Services	\$ 41,126	\$ 41,126	\$ 26,018	\$ 15,108
Board of Assessment Appeals	1,073	1,073	789	284
Board of Assessors	149,613	149,613	124,132	25,481
Board of Finance	5,963	6,815	6,707	108
Board of Selectmen	141,619	146,619	141,140	5,479
Building Official	225,306	225,307	211,100	14,207
Capital Improvement Advisory Commission	656	656	316	340
Conservation Commission	3,256	3,257	2,698	559
Contingency Fund	204,440	118,737		118,737
Economic Development Commission	28,481	28,481	27,633	848
Finance Department	229,727	229,727	229,677	50
General expense all buildings	28,276	28,847	28,668	179
Historical Commission	428	492	443	49
Holiday observance	3,000	3,000	3,000	-
Human Resource	50,655	50,950	50,950	-
Information Technologies	61,243	61,243	58,775	2,468
Inland/Wetlands Agency	3,489	3,489	2,555	934
Municipal associations	23,548	23,548	23,419	129
Planning and Zoning Commission	9,243	16,843	11,089	5,754
Probate Court	24,000	24,000	18,340	5,660
Registrar of Voters	41,505	41,505	41,167	338
Senior Center	88,271	88,271	83,332	4,939
Tax Collector	170,767	170,766	141,554	29,212
Town Clerk	134,952	134,952	130,715	4,237
Town Counsel	81,000	81,705	81,705	-
Town Engineer	50,000	50,000	42,767	7,233
Town Office Building	152,431	152,594	152,594	-
Town Treasurer	200	200		200
Zoning Board of Appeals	3,969	5,216	5,040	176
Total general government	<u>1,958,237</u>	<u>1,889,032</u>	<u>1,646,323</u>	<u>242,709</u>
Public safety:				
Ambulance Association	9,000	9,000	9,000	-
Fire	388,094	392,105	344,848	47,257
Fire Marshal	61,385	61,385	56,618	4,767
Marine services	300	300		300
Nine bay garage/safety complex	2,400	2,570	2,570	-
Office of Emergency Management	26,575	35,483	25,768	9,715
Police	2,815,116	2,864,478	2,862,693	1,785
Animal control	6,150	6,150	4,879	1,271
Safety Complex	168,071	168,072	163,071	5,001
Water main/street lighting	641,000	641,000	626,299	14,701
Total public safety	<u>4,118,091</u>	<u>4,180,543</u>	<u>4,095,746</u>	<u>84,797</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, 2013

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Public works:				
Landfill/refuse removal	\$ 996,409	\$ 1,002,806	\$ 973,366	\$ 29,440
Public Works Department	1,438,991	1,438,991	1,407,300	31,691
Public Works Garage	27,980	27,980	23,979	4,001
Snow removal	61,500	61,500	60,429	1,071
Spring Street Garage	9,400	9,400	7,769	1,631
Total public works	<u>2,534,280</u>	<u>2,540,677</u>	<u>2,472,843</u>	<u>67,834</u>
Health and welfare:				
Commission on Needs of the Aging	180,734	180,734	170,992	9,742
Outside services	105,990	105,990	96,990	9,000
Social services	58,181	58,181	47,679	10,502
Youth Service Bureau	56,660	56,660	28,330	28,330
Total health and welfare	<u>401,565</u>	<u>401,565</u>	<u>343,991</u>	<u>57,574</u>
Recreation:				
Parks and recreation	387,581	387,581	361,033	26,548
Public library	431,108	431,108	431,108	-
Total recreation	<u>818,689</u>	<u>818,689</u>	<u>792,141</u>	<u>26,548</u>
Employee benefits and insurance:				
Employee benefits	2,381,314	2,381,670	2,229,740	151,930
Insurance and bonds	441,340	441,340	426,021	15,319
Total employee benefits and insurance	<u>2,822,654</u>	<u>2,823,010</u>	<u>2,655,761</u>	<u>167,249</u>
Education	<u>28,646,854</u>	<u>28,646,854</u>	<u>28,546,773</u>	<u>100,081</u>
Debt service:				
Bond redemption	1,905,357	1,905,357	1,859,600	45,757
Interest	602,787	602,787	518,367	84,420
Total debt service	<u>2,508,144</u>	<u>2,508,144</u>	<u>2,377,967</u>	<u>130,177</u>
Total expenditures	<u>43,808,514</u>	<u>43,808,514</u>	<u>42,931,545</u>	<u>876,969</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, 2013

	<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	\$ 685,283	\$ 685,283	\$ 685,283	\$ -
Sewer Administration Fund				-
Total other financing uses	<u>685,283</u>	<u>685,283</u>	<u>685,283</u>	<u>-</u>
Total	\$ <u>44,493,797</u>	\$ <u>44,493,797</u>	43,616,828	\$ <u>876,969</u>
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			2,878,485	
The Board of Education does not budget for charges for services revenues received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.			199,946	
Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes.			107,280	
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>(434,965)</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>46,367,574</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sewer use charges and interest	\$ 1,820,632	\$ 1,820,632	\$ 1,830,554	\$ 9,922
Fees	26,250	26,250	61,603	35,353
Investment income	15,500	15,500	10,071	(5,429)
Intergovernmental			5,587	5,587
Miscellaneous	100	100	11	(89)
Total revenues	<u>1,862,482</u>	<u>1,862,482</u>	<u>1,907,826</u>	<u>45,344</u>
Expenditures:				
Salaries	625,834	621,231	617,851	3,380
Fringe benefits	299,276	299,276	291,262	8,014
Overtime	38,500	43,104	43,104	-
Audit and legal fees	11,213	18,565	18,565	-
Chemicals/chlorine	73,375	73,375	69,183	4,192
Contingency	10,000			-
Electricity	196,200	189,297	188,379	918
Equipment rental/hauling	8,266	8,266	6,922	1,344
Fuel, oil, natural gas	26,603	26,603	23,843	2,760
Gasoline and diesel	14,375	14,375	12,666	1,709
Insurance	42,387	42,387	40,967	1,420
Lab equipment	23,646	25,007	25,007	-
Manholes	2,500	2,289	2,279	10
Mechanical maintenance	37,000	54,580	54,580	-
Outside services	23,769	24,859	24,859	-
Safety training	2,500	2,667	2,668	(1)
Nitrogen credit exchange program	6,390	6,390	6,390	-
Sewer line maintenance	14,900	15,111	15,111	-
Sludge disposal	83,500	74,049	73,290	759
Supplies	37,425	32,492	31,981	511
Telephone	4,908	4,908	4,388	520
User fee administration	8,500	11,881	11,881	-
Vehicle parts, repairs	6,500	6,500	6,098	402
Water	9,269	9,624	9,624	-
Total expenditures	<u>1,606,836</u>	<u>1,606,836</u>	<u>1,580,898</u>	<u>25,938</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess of Revenues over Expenditures	\$ 255,646	\$ 255,646	\$ 326,928	\$ 71,282
Other financing sources (uses):				
Transfers out	<u>(235,297)</u>	<u>(235,297)</u>	<u>(235,297)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 20,349</u>	<u>\$ 20,349</u>	91,631	<u>\$ 71,282</u>
Fund Balance at Beginning of Year			<u>1,725,583</u>	
Fund Balance at End of Year			<u>\$ 1,817,214</u>	

TOWN OF WINDSOR LOCKS, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 6,635,150	\$ 3,418,055
Investments	5,588,591	5,553,592
Property taxes receivable, net of allowance for \$457,975 in 2013 and \$372,938 in 2012	1,119,938	1,034,746
Accounts receivable	1,446,135	2,932,212
Due from other funds	<u>132,364</u>	<u>324,436</u>
Total Assets	<u>\$ 14,922,178</u>	<u>\$ 13,263,041</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 1,294,934	\$ 1,207,003
Due to other funds	291,981	104,060
Deferred revenue	<u>2,050,286</u>	<u>2,331,848</u>
Total liabilities	<u>3,637,201</u>	<u>3,642,911</u>
Fund balance:		
Assigned	1,084,965	151,165
Unassigned	<u>10,200,012</u>	<u>9,468,965</u>
Total fund balance	<u>11,284,977</u>	<u>9,620,130</u>
Total Liabilities and Fund Balance	<u>\$ 14,922,178</u>	<u>\$ 13,263,041</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2013

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Grand List	Uncollected Taxes July 1, 2012	Current Tax Levy	Additions	Deductions	Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2013	
							Taxes	Interest and Lien Fees	Total		
1996	\$ 4,540	\$	\$	\$ 4,540	\$	\$	\$	\$	-	\$ -	
1997	4,379					4,379			-	4,379	
1998	4,816					4,816			-	4,816	
1999	1,811					1,811			-	1,811	
2000	2,800					2,800			-	2,800	
2001	4,973					4,973			-	4,973	
2002	8,594					8,594	1,308	2,841	4,149	7,286	
2003	10,475					10,475	2,806	2,307	5,113	7,669	
2004	29,462					29,462	1,787	2,281	4,068	27,675	
2005	46,641					46,641	3,599	4,353	7,952	43,042	
2006	68,236					68,236	5,635	5,811	11,446	62,601	
2007	86,703					86,703	15,004	12,260	27,264	71,699	
2008	161,572			27,597		133,975	(4,117)	14,593	10,476	138,092	
2009	310,872		1,036	31,617	59,366	220,925	49,939	37,988	87,927	170,986	
2010	661,810		3,314	31,545		633,579	265,459	62,302	327,761	368,120	
Total prior years	1,407,684		4,350	95,299	59,366	1,257,369	341,420	144,736	486,156	915,949	
2011		31,615,615	48,688	368,429		31,295,874	30,633,910	97,348	30,731,258	661,964	
Total	\$ 1,407,684	\$ 31,615,615	\$ 53,038	\$ 463,728	\$ 59,366	\$ 32,553,243	30,975,330	242,084	31,217,414	\$ 1,577,913	
							Suspense Collections	13,503	8,618	21,669	
							Total	30,988,833	\$ 250,702	\$ 31,239,083	
							Prior year refunds expended:	14,582			
							Property taxes receivable considered available:				
							June 30, 2012	(108,128)			
							June 30, 2013	258,799			
							Total Taxes	\$ 31,154,086			

TOWN OF WINDSOR LOCKS, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

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>
ASSETS							
Cash and cash equivalents	\$	\$	\$ 9,703	\$ 302,357	\$ 92,616	\$ 71,222	\$ 111,572
Investments							
Receivables, net	32,833				100,912	12,877	
Due from other funds	178,348		7,948				
Inventory					9,335		
Total Assets	<u>\$ 211,181</u>	<u>\$ -</u>	<u>\$ 17,651</u>	<u>\$ 302,357</u>	<u>\$ 202,863</u>	<u>\$ 84,099</u>	<u>\$ 111,572</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$ 8,809	\$	\$ 162,847	\$	\$
Due to other funds	38,450					25,529	5,128
Deferred revenue					3,765		
Total liabilities	<u>38,450</u>	<u>-</u>	<u>8,809</u>	<u>-</u>	<u>166,612</u>	<u>25,529</u>	<u>5,128</u>
Fund Balances:							
Nonspendable					9,335		
Restricted	172,731						
Committed			8,842	302,357	26,916	58,570	106,444
Unassigned							
Total fund balance	<u>172,731</u>	<u>-</u>	<u>8,842</u>	<u>302,357</u>	<u>36,251</u>	<u>58,570</u>	<u>106,444</u>
Total Liabilities and Fund Balances	<u>\$ 211,181</u>	<u>\$ -</u>	<u>\$ 17,651</u>	<u>\$ 302,357</u>	<u>\$ 202,863</u>	<u>\$ 84,099</u>	<u>\$ 111,572</u>

(Continued on next page)

TOWN OF WINDSOR LOCKS, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	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	
ASSETS						
Cash and cash equivalents	\$ 5,653	\$ 238,282	\$ 82,588	\$ 66,914	\$	\$ 980,907
Investments					3,835	3,835
Receivables, net		938				147,560
Due from other funds						186,296
Inventory						9,335
Total Assets	<u>\$ 5,653</u>	<u>\$ 239,220</u>	<u>\$ 82,588</u>	<u>\$ 66,914</u>	<u>\$ 3,835</u>	<u>\$ 1,327,933</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	\$ 93,505	\$	\$	\$	\$ 265,161
Due to other funds	140	85,557				154,804
Deferred revenue		60,999				64,764
Total liabilities	<u>140</u>	<u>240,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,729</u>
Fund Balances:						
Nonspendable					3,000	12,335
Restricted				66,914		239,645
Committed	5,513		82,588		835	592,065
Unassigned		(841)				(841)
Total fund balance	<u>5,513</u>	<u>(841)</u>	<u>82,588</u>	<u>66,914</u>	<u>3,835</u>	<u>843,204</u>
Total Liabilities and Fund Balances	<u>\$ 5,653</u>	<u>\$ 239,220</u>	<u>\$ 82,588</u>	<u>\$ 66,914</u>	<u>\$ 3,835</u>	<u>\$ 1,327,933</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, 2013

	<u>Special Revenue</u>						
	<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	\$ 345,792	\$ 449,268	\$	\$ 131,735	\$ 373,383	\$	\$
Charges for services			6,544		419,738	250,016	305,878
Contributions	129,509		80				
Income from investments				4			
Other revenues					68,952		
Total revenues	<u>475,301</u>	<u>449,268</u>	<u>6,624</u>	<u>131,739</u>	<u>862,073</u>	<u>250,016</u>	<u>305,878</u>
Expenditures:							
Current:							
General government	292,368						
Public safety	27,644		3,100			239,350	
Public works		449,268		41,413			
Health and welfare	9,139						
Recreation							318,786
Education					835,623		
Total expenditures	<u>329,151</u>	<u>449,268</u>	<u>3,100</u>	<u>41,413</u>	<u>835,623</u>	<u>239,350</u>	<u>318,786</u>
Excess (Deficiency) of Revenues over Expenditures	146,150	-	3,524	90,326	26,450	10,666	(12,908)
Other Financing Sources (Uses):							
Transfers out						(30,000)	
Net Change in Fund Balances	146,150	-	3,524	90,326	26,450	(19,334)	(12,908)
Fund Balances at Beginning of Year	<u>26,581</u>	<u>-</u>	<u>5,318</u>	<u>212,031</u>	<u>9,801</u>	<u>77,904</u>	<u>119,352</u>
Fund Balances at End of Year	<u>\$ 172,731</u>	<u>\$ -</u>	<u>\$ 8,842</u>	<u>\$ 302,357</u>	<u>\$ 36,251</u>	<u>\$ 58,570</u>	<u>\$ 106,444</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, 2013

58

	<u>Special Revenue</u>				<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Commission on Needs of the Aging</u>	<u>Special Education Grants</u>	<u>Human Services</u>	<u>Police Department Asset Forfeiture</u>	<u>James DeForest Phelps</u>	
Revenues:						
Intergovernmental	\$	\$ 1,352,166	\$	\$ 4,492	\$	\$ 2,656,836
Charges for services	53,192	302,565	12,942			1,350,875
Contributions	4,071					133,660
Income from investments					26	30
Other revenues						68,952
Total revenues	<u>57,263</u>	<u>1,654,731</u>	<u>12,942</u>	<u>4,492</u>	<u>26</u>	<u>4,210,353</u>
Expenditures:						
Current:						
General government						292,368
Public safety				10,987		281,081
Public works						490,681
Health and welfare	59,949		3,398			72,486
Recreation						318,786
Education		1,654,733				2,490,356
Total expenditures	<u>59,949</u>	<u>1,654,733</u>	<u>3,398</u>	<u>10,987</u>	<u>-</u>	<u>3,945,758</u>
Excess (Deficiency) of Revenues over Expenditures	(2,686)	(2)	9,544	(6,495)	26	264,595
Other Financing Sources (Uses):						
Transfers out					(26)	(30,026)
Net Change in Fund Balances	(2,686)	(2)	9,544	(6,495)	-	234,569
Fund Balances at Beginning of Year	<u>8,199</u>	<u>(839)</u>	<u>73,044</u>	<u>73,409</u>	<u>3,835</u>	<u>608,635</u>
Fund Balances at End of Year	<u>\$ 5,513</u>	<u>\$ (841)</u>	<u>\$ 82,588</u>	<u>\$ 66,914</u>	<u>\$ 3,835</u>	<u>\$ 843,204</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT

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

JUNE 30, 2013

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Total Capital Projects Fund</u>
ASSETS				
Cash and cash equivalents	\$ 2,072,130	\$ 2,589,331	\$ 84,231	\$ 4,745,692
Due from other funds	38,450	<u> </u>	<u> </u>	<u>38,450</u>
Total Assets	<u>\$ 2,110,580</u>	<u>\$ 2,589,331</u>	<u>\$ 84,231</u>	<u>\$ 4,784,142</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 127,619	\$ 3,323	\$	\$ 130,942
Bond anticipation note payable		8,700,000		8,700,000
Due to other funds		8,346		8,346
Total Liabilities	<u>127,619</u>	<u>8,711,669</u>	<u> </u>	<u>8,839,288</u>
Fund Balances:				
Committed	1,982,961		84,231	2,067,192
Unassigned		(6,122,338)		(6,122,338)
Total fund balance	<u>1,982,961</u>	<u>(6,122,338)</u>	<u>84,231</u>	<u>(4,055,146)</u>
Total Liabilities and Fund Balances	<u>\$ 2,110,580</u>	<u>\$ 2,589,331</u>	<u>\$ 84,231</u>	<u>\$ 4,784,142</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, 2013

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Total Capital Projects Fund</u>
Revenues:				
Intergovernmental	\$	\$ 236,554	\$	\$ 236,554
Income from investments	2,308	1,583	181	4,072
Other revenue		1,950		1,950
Total revenues	<u>2,308</u>	<u>240,087</u>	<u>181</u>	<u>242,576</u>
Expenditures:				
Capital outlay	<u>1,458,861</u>	<u>3,317,139</u>	<u>117,355</u>	<u>4,893,355</u>
Deficiency of Revenues over Expenditures	<u>(1,456,553)</u>	<u>(3,077,052)</u>	<u>(117,174)</u>	<u>(4,650,779)</u>
Other Financing Sources:				
Issuance of capital leases	174,922			174,922
Transfers in	721,116		132,114	853,230
Transfers out		(35,833)		(35,833)
Total other financing sources	<u>896,038</u>	<u>(35,833)</u>	<u>132,114</u>	<u>992,319</u>
Net Change in Fund Balances	(560,515)	(3,112,885)	14,940	(3,658,460)
Fund Balances at Beginning of Year	<u>2,543,476</u>	<u>(3,009,453)</u>	<u>69,291</u>	<u>(396,686)</u>
Fund Balances at End of Year	<u>\$ 1,982,961</u>	<u>\$ (6,122,338)</u>	<u>\$ 84,231</u>	<u>\$ (4,055,146)</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets:				
Cash and cash equivalents:				
Student Activities Fund	\$ <u>223,694</u>	\$ <u>289,680</u>	\$ <u>264,593</u>	\$ <u>248,781</u>
Liabilities:				
Accounts payable:				
Student Activities Fund	\$ <u>223,694</u>	\$ <u>289,680</u>	\$ <u>264,593</u>	\$ <u>248,781</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
SEWER ADMINISTRATION FUND
REPORT OF SEWER USE CHARGE COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2013

List Year	Uncollected Charges July 1, 2012	Current Year Billings and Adjustments	Adjusted Charges Collectible	Collections			Uncollected Charges June 30, 2013
				Charges	Interest and Lien Fees	Total	
2002	\$ 97	\$	\$ 97	\$ 45	\$ 60	\$ 105	\$ 52
2003	1,029		1,029	830	1,469	2,299	199
2004	1,439		1,439	1,148	1,864	3,012	291
2005	2,079		2,079	1,843	2,726	4,569	236
2006	5,885		5,885	4,329	5,035	9,364	1,556
2007	11,646		11,646	7,367	7,444	14,811	4,279
2008	25,202		25,202	13,071	10,558	23,629	12,131
2009	40,155		40,155	16,139	12,160	28,299	24,016
2010	63,963		63,963	27,391	13,687	41,078	36,572
2011	103,684	(298)	103,386	45,144	14,752	59,896	58,242
Total prior years	255,179	(298)	254,881	117,307	69,755	187,062	137,574
2012		1,728,067	1,728,067	1,622,297	21,195	1,643,492	105,770
Total	\$ 255,179	\$ 1,727,769	\$ 1,982,948	\$ 1,739,604	\$ 90,950	\$ 1,830,554	\$ 243,344

TOWN OF WINDSOR LOCKS, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2013

Total tax collections (including interest and lien fees) for current fiscal year \$ 31,239,083

Base \$ 31,239,083

	<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	\$ 70,287,937	\$	\$	\$	\$
4-1/2 times base		140,575,874			
3-3/4 times base			117,146,561		
3-1/4 times base				101,527,020	
3 times base					93,717,249
Total debt limitation	<u>70,287,937</u>	<u>140,575,874</u>	<u>117,146,561</u>	<u>101,527,020</u>	<u>93,717,249</u>
Indebtedness:					
Bonds and notes payable	4,442,555	6,272,445	842,035		
Bonds authorized and unissued	3,040,000	1,191,483			
Less school building grants		(1,106,750)			
Net indebtedness	<u>7,482,555</u>	<u>6,357,178</u>	<u>842,035</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 62,805,382</u>	<u>\$ 134,218,696</u>	<u>\$ 116,304,526</u>	<u>\$ 101,527,020</u>	<u>\$ 93,717,249</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$218,673,581).

TOWN OF WINDSOR LOCKS, CONNECTICUT

FOR THE YEAR ENDED JUNE 30, 2013

PRINCIPAL TAXPAYERS

<u>Name</u>	<u>Nature of Business</u>	<u>Taxable Valuation as of 10/1/11</u>	<u>Percent of Net Taxable Grand List*</u>
Hertz Vehicles LLC	Car rental	\$ 39,098,930	3.09 %
United Technologies Corporation	Manufacturing	39,062,600	3.09
PV Holding Corp	Car rental	32,888,312	2.60
AREH Windsor Locks, LLC	Warehouse	22,594,200	1.79
Hartford Parking Property LLC	Valet parking	16,075,100	1.27
Ahlstrom Nonwovens LLC	Manufacturing	14,691,610	1.16
EAN Holdings LLC	Car rental	13,951,713	1.10
Connecticut Light & Power	Utility	13,359,940	1.06
American Honda Motor Co.	Manufacturing	12,273,830	0.97
AFP 100 Corp	Real estate management	<u>10,274,700</u>	<u>0.81</u>
Total		\$ <u><u>214,270,935</u></u>	<u><u>16.94</u></u> %

* Based on 10/01/11 Net Taxable Grand List of \$1,264,778,293

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							
2013	2011	50.6	% 25.2	% 0.0	% 8.8	% 15.4	\$ 1,386,837	\$ 122,058	\$ 1,264,779	2.1 %
2012	2010	51.3	25.9	0.0	9.4	13.4	1,357,056	118,518	1,238,538	0.2
2011	2009	52.0	25.1	0.0	11.0	11.9	1,360,972	125,283	1,235,689	(1.9)
2010	2008	50.8	25.9	0.0	11.4	11.7	1,369,385	109,493	1,259,892	9.3
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)

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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, 2013

Bonded Debt:		
General purpose	\$	4,442,555
Schools		6,272,445
Sewers		842,035
Total bonded debt		<u>11,557,035</u>
Short-Term Debt:		<u>8,700,000</u>
Total direct debt		20,257,035
Less school construction grants receivable		<u>(1,106,750)</u>
Total Overall Net Debt	\$	<u><u>19,150,285</u></u>

CURRENT DEBT RATIOS

FOR THE YEAR ENDED JUNE 30, 2013

Population, 2012		12,507
Per capita income, 2012	\$	29,025
Net taxable grand list, 10/1/11	\$	1,264,778,293
Estimated full value @ 70%	\$	1,806,826,133
Equalized net grand list, 2011**	\$	1,958,535,428

	Overall Debt	Overall Net Debt
	\$ 20,257,035	\$ 19,150,285
Per capita	\$ 1,619.66	\$ 1,531.17
To net taxable grand list	1.60%	1.51%
To estimated full value @ 70%	1.12%	1.06%
To equalized net grand list, 2011	1.03%	0.98%
Ratio of debt per capita to per capita income	5.58%	5.28%

*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, 2013			
2013	2011	\$ 1,264,779	24.27	\$ 31,296	97.9	%	2.1	%	2.1	%
2012	2010	1,238,538	23.40	29,700	97.8		2.2		2.2	
2011	2009	1,235,689	23.15	29,417	98.1		1.9		1.1	
2010	2008	1,259,892	21.65	27,675	97.7		2.3		0.6	
2009	2007	1,152,817	23.57	27,793	97.9		2.1		0.3	
2008	2006	1,112,654	22.88	26,817	98.6		1.4		0.3	
2007	2005	1,096,733	22.65	26,060	98.6		1.4		0.2	
2006	2004	1,079,430	22.40	25,161	98.1		1.9		0.1	
2005	2003	1,046,978	20.69	22,629	98.7		1.3		0.1	
2004	2002	870,986	24.00	22,357	98.2		1.8		0	