

TOWN OF WINDSOR LOCKS, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2012

TOWN OF WINDSOR LOCKS, CONNECTICUT

TABLE OF CONTENTS

Page

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10

Exhibit

Basic Financial Statements:

Government-Wide Financial Statements:

I	Statement of Net Assets	11
II	Statement of Activities	12

Fund Financial Statements:

Governmental Funds:

III	Balance Sheet	13-14
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	15-16

Proprietary Fund:

V	Statement of Net Assets	17
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets	18
VII	Statement of Cash Flows	19

Fiduciary Funds:

VIII	Statement of Fiduciary Net Assets	20
IX	Statement of Changes in Plan Net Assets - OPEB Trust Fund	21

	Notes to Financial Statements	22-41
--	-------------------------------	-------

Required Supplementary Information:

General Fund:

RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	42-44
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	45-47

Sewer Administration Fund:

RSI-3	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	48-49
-------	--	-------

Combining and Individual Fund Statements and Schedules:

General Fund:

A-1	Comparative Balance Sheet	50
A-2	Report of Tax Collector	51

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet	52-53
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	54-55

Capital Projects Fund:

C-1	Combining Balance Sheet - By Project	56
C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - By Project	57

Agency Funds:

D	Combining Statement of Changes in Assets and Liabilities	58
---	--	----

Schedule

1	Report of Sewer Use Charge Collector	59
2	Schedule of Debt Limitation	60

Statistical Tables

1	Principal Taxpayers	61
2	Assessed Value of Taxable Property	62
3	Current Debt Statement	63
4	Property Tax Levies and Collections	64



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Independent Auditors' Report

To the Board of Finance
Town of Windsor Locks, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Windsor Locks, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of Windsor Locks, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Windsor Locks, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Windsor Locks, Connecticut, as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012 on our consideration of the Town of Windsor Locks, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the budgetary comparison information on pages 42 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Windsor Locks, Connecticut's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The statistical table section has 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.

Blum, Shapiro & Company, P.C.

December 20, 2012

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

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, 2012. 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 \$72.4 million (net assets). Of this amount, \$20.1 million (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- On a government-wide basis, during the year the Town's total net assets increased by \$1.82 million (2.6%) from \$70.6 million to \$72.4 million. The majority of the increase is attributable to the debt reduction.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11.6 million, a decrease of \$774 thousand in comparison with the prior year.
- At the end of the close of the current fiscal year, unassigned fund balance for the General Fund was \$9.6 million, or 20% of total General Fund expenditures and transfers out.
- The Town's bonded debt excluding capital leases decreased by \$1.7 million or 12% during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

Fiduciary Funds

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's net assets from a year ago increased from \$70.6 million to \$72.4 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

TABLE 1
NET ASSETS
In Thousands

	Governmental Activities	
	2012	2011
Current and other assets	\$ 24,378	\$ 23,159
Capital assets, net of accumulated depreciation	70,244	70,216
Total assets	<u>94,622</u>	<u>93,375</u>
Long-term debt outstanding	15,766	17,388
Other liabilities	6,460	5,416
Total liabilities	<u>22,226</u>	<u>22,804</u>
Net Assets:		
Invested in capital assets, net of related debt	52,305	52,443
Restricted	4	4
Unrestricted	<u>20,087</u>	<u>18,124</u>
Total Net Assets	<u>\$ 72,396</u>	<u>\$ 70,571</u>

Net assets of the Town's governmental activities increased by 2.6%. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$18.1 million at June 30, 2011 to \$20.1 million at the end of this year.

TABLE 2
CHANGE IN NET ASSETS
In Thousands

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services:	\$ 3,961	\$ 3,432
Operating grants and contributions	12,314	10,301
Capital grants and contributions	206	541
General revenues:		
Property taxes	30,193	29,725
Grants and contributions not restricted to specific purposes	6,091	6,233
Investment income	131	201
Miscellaneous	71	146
Total revenues	<u>52,967</u>	<u>50,579</u>
Expenses:		
General government	2,045	1,919
Public safety	4,921	4,912
Public works	6,647	4,956
Health and welfare	464	474
Recreation	1,119	1,261
Education	35,397	34,232
Interest on long-term debt	550	552
Total program expenses	<u>51,143</u>	<u>48,306</u>
Increase in Net Assets	<u>\$ 1,824</u>	<u>\$ 2,273</u>

The Town's total revenues were \$52.9 million. The total cost of all programs and services was \$51.1 million. Our analysis below considers the operations of governmental activities.

Governmental Activities

Approximately 57.0% of the revenues were derived from property taxes, followed by 23.2% from operating grants and contributions, 11.9% from other grants and 7.5% charges for services. The remaining 0.4% was derived from investment earnings and miscellaneous revenue.

Major revenue factors included:

- Property tax revenues recorded for fiscal year 2012 reflect an increase in the Town's tax rate of 1.08%. The additional tax rate resulted in additional revenues of \$468 thousand.
- Operating and capital grants increased by \$1.7 million.
- Charges for services increased by \$529 thousand.
- Grants and contributions not restricted to specific purposes decreased by \$142 thousand.

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

- Conservative efforts by public works, public safety, and general government added to a positive position from budget to actual.
- Property, liability, and worker’s compensation averaged a 7.07% increase. The Town has a self insured medical program and this year our medical insurance expenditures decreased by 3.45%.
- 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General government	\$ 2,045	\$ 1,919	\$ (329)	\$ 907
Public safety	4,921	4,912	4,493	4,609
Public works	6,647	4,956	3,993	2,092
Health and welfare	464	474	384	318
Recreation	1,119	1,261	648	693
Education	35,397	34,232	24,966	24,909
Interest	550	552	506	503
Totals	<u>\$ 51,143</u>	<u>\$ 48,306</u>	<u>\$ 34,661</u>	<u>\$ 34,031</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 \$11.6 million, which is a decrease from last year’s total of \$12.3 million. Approximately \$6.4 million (55%) of this total amount constitutes unassigned fund balance, which is available for spending at the Town’s discretion. \$151 thousand (1.3%) is assigned as encumbrances. \$4.8 million (41.8%) 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 (\$165 thousand).

General Fund Budgetary Highlights

The General Fund is the operating fund of the Town. At the end of the current fiscal year, total fund balance and unassigned fund balance of the General Fund was \$9.6 million and \$9.5 million, respectively.

There is no designated use of fund balance for next year's budget, while unassigned fund balance was \$9.5 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and to total fund expenditures. Unassigned fund balance represents 20% of total General Fund expenditures and other financing.

The fund balance of the Town's General Fund increased by \$471 thousand during the current fiscal year. The key factor was a decrease in Town expenses for the budget year.

Sewer Administration Fund

The fund balance increased by approximately \$83 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 2011-12 were \$2.4 million.

The Town is continuing renovations and upgrade projects for Town Hall. The Town has secured several Small Cities and STEAP grants for road construction and land improvements for several facilities in town. A two year sewer and road construction project is continuing for South Center Street. In FY 2011 the Town was awarded a Small Cities Grant for road reconstruction on Pearl and Fern Streets, that is continuing.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, 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 \$108 million and \$70.2 million net of accumulated depreciation.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)
In Thousands

	Governmental Activities	
	2012	2011
Land	\$ 3,694	\$ 3,694
Construction in progress	4,575	2,759
Land improvements	1,537	1,602
Buildings	7,906	8,110
Building improvements	27,618	28,206
Machinery and equipment	5,919	6,497
Vehicles	2,081	2,248
Furniture and fixtures	168	162
Infrastructure	16,746	16,938
Totals	\$ 70,244	\$ 70,216

This year's major additions included:

- Middle School Tunnel Encapsulation (Part 2) \$91,000
- Three Board of Education Trucks with Plows \$109,000
- Town Hall Insulated Steel Doors \$52,000
- Various road and sewer projects totaling \$237,000

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

Long-Term Debt

At June 30, 2012, the Town had bonded debt outstanding of \$12.4 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 \$206.8 million State-imposed limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the Town is currently 9.4%, which is an increase from a rate of 7.8% a year ago. This compares unfavorably to the State's average unemployment rate of 8.6% as of October 2012. Recessionary trends are consistent with national indices.

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

During the current fiscal year, unassigned fund balance in the General Fund increased by \$518 thousand.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, 50 Church Street, Windsor Locks, Connecticut 06096-2348.

TOWN OF WINDSOR LOCKS, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 12,293,166
Investments	6,803,822
Receivables, net	5,269,780
Inventories	10,886
Capital assets:	
Assets not being depreciated	8,269,264
Assets being depreciated, net	<u>61,974,974</u>
Total assets	<u>94,621,892</u>
Liabilities:	
Accounts and other payables	1,826,829
Bond anticipation note payable	4,400,000
Unearned revenue	233,120
Noncurrent liabilities:	
Due within one year	1,964,128
Due in more than one year	<u>13,802,209</u>
Total liabilities	<u>22,226,286</u>
Net Assets:	
Invested in capital assets, net of related debt	52,304,422
Restricted for trust purposes:	
Nonexpendable	3,835
Unrestricted	<u>20,087,349</u>
Total Net Assets	<u>\$ 72,395,606</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, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
Governmental activities:				
General government	\$ 2,045,322	\$ 320,702	\$ 2,053,495	\$ 328,875
Public safety	4,920,865	385,456	42,642	(4,492,767)
Public works	6,647,080	1,967,582	480,525	205,558
Health and welfare	463,726	49,749	29,502	(384,475)
Recreation	1,118,845	471,157		(647,688)
Education	35,397,457	766,810	9,665,141	(24,965,506)
Interest on long-term debt	549,551		43,065	(506,486)
Total Governmental Activities	\$ <u>51,142,846</u>	\$ <u>3,961,456</u>	\$ <u>12,314,370</u>	\$ <u>205,558</u>
General revenues:				
Property taxes				30,193,438
Grants and contributions not restricted to specific programs				6,090,524
Unrestricted investment earnings				130,565
Miscellaneous				71,477
Total general revenues				<u>36,486,004</u>
Change in net assets				1,824,542
Net Assets at Beginning of Year				<u>70,571,064</u>
Net Assets at End of Year				\$ <u>72,395,606</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<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	\$ 3,418,055	\$ 524,933	\$ 4,003,340	\$ 987,822	\$ 8,934,150
Investments	5,553,592	1,246,395		3,835	6,803,822
Receivables, net	3,966,958	292,670		151,792	4,411,420
Due from other funds	324,436			37,865	362,301
Inventories				10,886	10,886
Total Assets	<u>\$ 13,263,041</u>	<u>\$ 2,063,998</u>	<u>\$ 4,003,340</u>	<u>\$ 1,192,200</u>	<u>\$ 20,522,579</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 1,207,003	\$ 18,124		\$ 138,099	\$ 1,363,226
Bond anticipation notes payable			4,400,000		4,400,000
Due to other funds	104,060	69,612	26	254,798	428,496
Deferred revenue	<u>2,331,848</u>	<u>250,679</u>		<u>190,668</u>	<u>2,773,195</u>
Total liabilities	<u>3,642,911</u>	<u>338,415</u>	<u>4,400,026</u>	<u>583,565</u>	<u>8,964,917</u>
Fund balances:					
Nonspendable				13,886	13,886
Restricted				151,104	151,104
Committed		1,725,583	2,612,767	496,683	4,835,033
Assigned	151,165				151,165
Unassigned	<u>9,468,965</u>		<u>(3,009,453)</u>	<u>(53,038)</u>	<u>6,406,474</u>
Total fund balances	<u>9,620,130</u>	<u>1,725,583</u>	<u>(396,686)</u>	<u>608,635</u>	<u>11,557,662</u>
Total Liabilities and Fund Balances	<u>\$ 13,263,041</u>	<u>\$ 2,063,998</u>	<u>\$ 4,003,340</u>	<u>\$ 1,192,200</u>	<u>\$ 20,522,579</u>

(Continued on next page)

TOWN OF WINDSOR LOCKS, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 11,557,662
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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	\$ 108,236,990	
Less accumulated depreciation	<u>(37,992,752)</u>	
Net capital assets		70,244,238

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	926,618
Interest and lien receivable on property taxes	509,972
Assessments receivable	250,679
Interest and lien receivable on assessments	87,393
Receivable from the state for school construction projects	1,362,778

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

3,369,541

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	(13,357,449)
Interest payable on bonds and notes	(146,938)
Compensated absences	(969,788)
Capital leases	(524,519)
OPEB obligation	(839,276)
Heart and hypertension	(117,500)
Deferred charges on refunding	<u>42,195</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 72,395,606</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, 2012

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 29,941,636	\$	\$	\$	\$ 29,941,636
Intergovernmental	16,318,822	33,679	164,808	2,337,027	18,854,336
Charges for services	888,129	1,761,891		1,320,322	3,970,342
Contributions				20,029	20,029
Income on investments	106,154	18,016	3,232	35	127,437
Other revenues	67,828	149			67,977
Total revenues	<u>47,322,569</u>	<u>1,813,735</u>	<u>168,040</u>	<u>3,677,413</u>	<u>52,981,757</u>
Expenditures:					
Current:					
General government	1,830,434			64,024	1,894,458
Public safety	3,923,478			385,208	4,308,686
Public works	3,798,731	1,466,018		410,113	5,674,862
Health and welfare	373,837			71,015	444,852
Recreation	757,070			274,221	1,031,291
Employee benefits and insurance	2,664,566				2,664,566
Education	30,503,362			2,383,001	32,886,363
Capital outlay			2,372,524		2,372,524
Debt service	2,516,127				2,516,127
Total expenditures	<u>46,367,605</u>	<u>1,466,018</u>	<u>2,372,524</u>	<u>3,587,582</u>	<u>53,793,729</u>
Excess (Deficiency) of Revenues over Expenditures	<u>954,964</u>	<u>347,717</u>	<u>(2,204,484)</u>	<u>89,831</u>	<u>(811,972)</u>
Other Financing Sources (Uses):					
Issuance of capital leases			38,125		38,125
Transfers in	131,912		748,410		880,322
Transfers out	(615,700)	(264,591)		(31)	(880,322)
Total other financing sources (uses)	<u>(483,788)</u>	<u>(264,591)</u>	<u>786,535</u>	<u>(31)</u>	<u>38,125</u>
Net Change in Fund Balances	471,176	83,126	(1,417,949)	89,800	(773,847)
Fund Balances at Beginning of Year	<u>9,148,954</u>	<u>1,642,457</u>	<u>1,021,263</u>	<u>518,835</u>	<u>12,331,509</u>
Fund Balances at End 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>

(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, 2012

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)	\$ (773,847)
---	--------------

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	2,439,382
Depreciation expense	(2,401,214)

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

Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.	(9,825)
---	---------

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	(263,914)
Property tax receivable - accrual basis change	161,758
Property tax interest and lien receivable - accrual basis change	90,044
Sewer assessment receivable - accrual basis change	9,509
Sewer assessment interest and lien receivable - accrual change	(14,895)

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

Bond and note principal payments	1,823,724
Capital lease proceeds	(38,125)
Capital lease payments	139,685

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	(62,699)
OPEB obligation	(228,933)
Accrued interest	17,971
Amortization of deferred charge on refunding	(14,346)
Heart and hypertension claims	2,000

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.

948,267

Change in Net Assets of Governmental Activities (Exhibit II)

\$ <u>1,824,542</u>

The accompanying notes are an integral part of the financial statements

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

JUNE 30, 2012

		Governmental Activities
		Internal Service Fund
		<hr/> <hr/>
Assets:		
Current:		
Cash and cash equivalents	\$	3,359,016
Accounts receivable		260,995
Due from other funds		66,195
		<hr/>
Total assets		3,686,206
		<hr/>
Liabilities:		
Claims payable		316,665
		<hr/>
Net Assets:		
Unrestricted	\$	3,369,541
		<hr/> <hr/>

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities <hr/> Internal Service Fund <hr/>
Operating Revenues:	
Premiums	\$ <u>6,239,135</u>
Operating Expenses:	
Claims	4,641,849
Administration	<u>652,147</u>
Total operating expenses	<u>5,293,996</u>
Operating Income	945,139
Nonoperating Revenue:	
Income on investments	<u>3,128</u>
Change in Net Assets	948,267
Net Assets at Beginning of Year	<u>2,421,274</u>
Net Assets at End of Year	\$ <u><u>3,369,541</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, 2012

	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 6,085,268
Cash payments to providers of benefits and administration	<u>(5,336,289)</u>
Net cash provided by operating activities	<u>748,979</u>
Cash Flows from Investing Activities:	
Income on investments	<u>3,128</u>
Net Increase in Cash and Cash Equivalents	752,107
Cash and Cash Equivalents at Beginning of Year	<u>2,606,909</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,359,016</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 945,139
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other funds	53,899
Increase in accounts receivable	(207,766)
Decrease in claims payable	<u>(42,293)</u>
Net Cash Provided by Operating Activities	<u>\$ 748,979</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2012

	<u>OPEB Trust Fund</u>	<u>Student Activity Fund</u>
Assets:		
Cash and cash equivalents	\$	\$ <u>223,694</u>
Investments	1,239,980	
Liabilities:		
Accounts and other payables		\$ <u>223,694</u>
Net Assets:		
Held in Trust for OPEB Benefits	\$ <u>1,239,980</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - OPEB TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2012

	OPEB Trust Fund
Additions:	
Contributions:	
Employer	\$ 222,980
Employee	365,423
Total contributions	<u>588,403</u>
Investment income:	
Net appreciation in fair value of investments	<u>8,295</u>
Total additions	<u>596,698</u>
Deductions:	
Benefits	<u>422,066</u>
Net Increase	174,632
Net Assets Held in Trust for OPEB Benefits at Beginning of Year	<u>1,065,348</u>
Net Assets Held in Trust for OPEB Benefits at End of Year	<u>\$ 1,239,980</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 assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Agency funds do not have a measurement focus but are accounted for using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

The Sewer Administration Fund accounts for sewer services provided to certain residents of the Town. The major source of revenue is sewer assessment charges.

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

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

D. Deposits and Investments

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

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

Investments are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." An amount of \$372,938 has been established as an allowance for uncollectible taxes. At June 30, 2012, this represents 26% of all property taxes receivable.

In the fund financial statements, all property taxes receivable at June 30, 2012, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60-day period have been recorded as revenue.

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

F. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

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

G. Compensated Absences

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

H. Long-Term Obligations

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

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

I. Fund Equity

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

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

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

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

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Windsor Locks Board of Finance and Town Meeting). 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.

Additional appropriations of \$350,000 were 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 \$396,686 which will be financed by permanent financing of General Fund transfers. The Special Education Grants fund has a deficit of \$839 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*, \$6,591,897 of the Town's bank balance of \$8,522,336, of which \$6,803,822 were certificates of deposit, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,908,240
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>683,657</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 6,591,897</u></u>

Cash Equivalents

At June 30, 2012, the Town's cash equivalents amounted to \$6,060,951. 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, 2012, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 6,803,822	\$ -	\$ 6,803,822	\$ -
Other investments:					
Mutual funds	n/a	<u>1,239,980</u>			
Total Investments		<u>\$ 8,043,802</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, 2012, 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	\$ 1,407,684	\$	\$	\$ 1,407,684
Accounts	26,973	3,736	346,708	377,417
Sewer assessments		255,179		255,179
Intergovernmental	<u>2,905,239</u>	<u>38,255</u>	<u>66,079</u>	<u>3,009,573</u>
Gross receivables	4,339,896	297,170	412,787	5,049,853
Less allowance for uncollectibles	<u>(372,938)</u>	<u>(4,500)</u>		<u>(377,438)</u>
Net Total Receivables	<u>\$ 3,966,958</u>	<u>\$ 292,670</u>	<u>\$ 412,787</u>	<u>\$ 4,672,415</u>

Note: Above does not include accrued interest and liens on property taxes of \$509,972 and sewer use charges of \$87,393.

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	\$ 926,618	\$
Special assessments	250,679	
Property taxes collected in advance		27,350
Grant drawdowns prior to meeting all eligibility requirements		190,668
School building grants	1,362,778	
Premium on bond anticipation notes		<u>15,102</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,540,075</u>	<u>\$ 233,120</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 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>2,759,059</u>	<u>(558,534)</u>	<u>2,374,492</u>		<u>4,575,017</u>
Total capital assets not being depreciated	<u>6,453,306</u>	<u>(558,534)</u>	<u>2,374,492</u>	<u>-</u>	<u>8,269,264</u>
Capital assets being depreciated:					
Buildings	14,750,314				14,750,314
Building improvements	34,803,873	145,987			34,949,860
Land improvements	2,211,541				2,211,541
Machinery and equipment	12,649,721	48,579	26,765	(15,000)	12,710,065
Vehicles	4,629,705	109,708	38,125	(244,581)	4,532,957
Furniture and fixtures	184,686	17,342			202,028
Infrastructure	<u>30,374,043</u>	<u>236,918</u>			<u>30,610,961</u>
Total capital assets being depreciated	<u>99,603,883</u>	<u>558,534</u>	<u>64,890</u>	<u>(259,581)</u>	<u>99,967,726</u>
Less accumulated depreciation for:					
Buildings	(6,639,916)		(204,646)		(6,844,562)
Building improvements	(6,597,805)		(733,674)		(7,331,479)
Land improvements	(609,577)		(64,773)		(674,350)
Machinery and equipment	(6,152,951)		(651,823)	13,500	(6,791,274)
Vehicles	(2,382,673)		(305,215)	236,256	(2,451,632)
Furniture and fixtures	(22,813)		(11,332)		(34,145)
Infrastructure	<u>(13,435,559)</u>		<u>(429,751)</u>		<u>(13,865,310)</u>
Total accumulated depreciation	<u>(35,841,294)</u>	<u>-</u>	<u>(2,401,214)</u>	<u>249,756</u>	<u>(37,992,752)</u>
Total capital assets being depreciated, net	<u>63,762,589</u>	<u>558,534</u>	<u>(2,336,324)</u>	<u>(9,825)</u>	<u>61,974,974</u>
Governmental Activities Capital Assets, Net	<u>\$ 70,215,895</u>	<u>\$ -</u>	<u>\$ 38,168</u>	<u>\$ (9,825)</u>	<u>\$ 70,244,238</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 206,455
Public safety	297,293
Public works	902,382
Recreation	52,833
Education	<u>942,251</u>
Total	<u>\$ 2,401,214</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Administration Fund	\$ 69,612
	Capital Projects Fund	26
	Nonmajor Governmental Funds	<u>254,798</u>
		324,436
Nonmajor Governmental Funds	General Fund	37,865
Internal Service Fund	General Fund	<u>66,195</u>
		<u>\$ 428,496</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	\$	\$ 615,700	\$ 615,700
Sewer Administration Fund	131,881	132,710	264,591
Nonmajor Governmental	<u>31</u>	<u> </u>	<u>31</u>
Total Transfers In	<u>\$ 131,912</u>	<u>\$ 748,410</u>	<u>\$ 880,322</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, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and serial notes payable:					
General obligation bonds	\$ 14,170,000	\$ -	\$ 1,740,000	\$ 12,430,000	\$ 1,715,000
Clean water notes	1,011,173		83,724	927,449	85,414
Total	<u>15,181,173</u>	-	<u>1,823,724</u>	<u>13,357,449</u>	<u>1,800,414</u>
Less deferred amounts on refunded bonds	<u>(56,541)</u>		<u>(14,346)</u>	<u>(42,195)</u>	
Total bonds and notes payable	15,124,632	-	1,809,378	13,315,254	1,800,414
Capital leases	626,079	38,125	139,685	524,519	117,650
OPEB obligation	610,343	228,933		839,276	
Compensated absences	907,089	134,474	71,775	969,788	26,064
Heart and hypertension claims	<u>119,500</u>	<u>25,000</u>	<u>27,000</u>	<u>117,500</u>	<u>20,000</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 17,387,643</u>	<u>\$ 426,532</u>	<u>\$ 2,047,838</u>	<u>\$ 15,766,337</u>	<u>\$ 1,964,128</u>

The following is a summary of bond and note issues at June 30, 2012:

<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, 2012</u>
Bonds/notes:					
Town:					
General obligation	11/1/2009	8/1/2024	2.0-4.0	\$ 5,518,350	\$ 4,812,768
Schools:					
Refunding bond	3/1/2005	9/15/2018	3.0-5.0	10,705,000	5,045,000
Refunding bond	3/15/2003	3/15/2016	2.125-4.0	6,630,000	1,860,000
General obligation	11/1/2009	8/1/2024	2.0-4.0	816,650	712,232
Sewer:					
Clean water loan	5/31/2003	5/31/2022	2.0	1,715,669	<u>927,449</u>
					<u>\$ 13,357,449</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
2013	\$ 1,715,000	\$ 415,999	\$ 85,414	\$ 17,769	\$ 1,800,414	\$ 433,768
2014	1,695,000	360,584	87,138	16,045	1,782,138	376,629
2015	1,685,000	300,515	88,897	14,286	1,773,897	314,801
2016	1,670,000	238,208	90,691	12,492	1,760,691	250,700
2017	1,215,000	177,870	92,522	10,661	1,307,522	188,531
2018-2022	3,175,000	455,280	482,787	24,528	3,657,787	479,808
2023-2025	1,275,000	74,694			1,275,000	74,694
Total	\$ 12,430,000	\$ 2,023,150	\$ 927,449	\$ 95,781	\$ 13,357,449	\$ 2,118,931

Bond Anticipation Notes

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

Date Issued	Maturity Date	Interest Rate (%)	Balance July 1, 2011	Issued	Retired	Balance June 30, 2012
10-7-10	10-6-11	1.00	\$ 3,520,000	\$	\$ 3,520,000	\$ -
10-6-11	7-5-12	1.50		4,400,000		4,400,000
			\$ 3,520,000	\$ 4,400,000	\$ 3,520,000	\$ 4,400,000

Capital Projects

As of June 30, 2012, the Town had authorized unissued bonds of \$9,520,000 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	\$ 66,460,667	\$ 9,082,768	\$ 57,377,899
Schools	132,921,333	11,504,454	121,416,879
Sewers	110,767,778	927,449	109,840,329
Urban renewal	95,998,741		95,998,741
Pension deficit	88,614,222		88,614,222

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$206.8 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 \$1,362,778 for bond principal are reflected as deductions in the computation of net indebtedness.

Capital Leases

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

The assets acquired through capital leases are as follows:

	<u>Amount</u>
Asset:	
Equipment	\$ 907,938
Less accumulated depreciation	<u>67,753</u>
Total	<u>\$ 840,185</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, 2012:

<u>Year Ending June 30</u>	<u>Amount</u>
2013	\$ 133,070
2014	132,344
2015	118,859
2016	91,508
2017	<u>91,508</u>
Total minimum lease payments	<u>567,289</u>
Less amount representing interest	<u>(42,770)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 524,519</u>

8. FUND BALANCE

The components of fund balance for governmental funds at June 30, 2012 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Major Special Revenue Fund Sewer Administration Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Endowment	\$	\$	\$	\$ 3,000	\$ 3,000
Inventories				10,886	10,886
Restricted for:					
Grants				151,104	151,104
Committed to:					
Sewer assessment			1,725,583		1,725,583
Capital projects		2,612,767			2,612,767
General government				835	835
Public safety				83,222	83,222
Public works				212,031	212,031
Health and welfare				81,243	81,243
Recreation				119,352	119,352
Assigned to:					
General government	1,361				1,361
Public safety	12,314				12,314
Public works	5,663				5,663
Health and welfare	150				150
Recreation	5,078				5,078
Education	126,599				126,599
Unassigned	<u>9,468,965</u>	<u>(3,009,453)</u>		<u>(53,038)</u>	<u>6,406,474</u>
Total Fund Balances	<u>\$ 9,620,130</u>	<u>\$ (396,686)</u>	<u>\$ 1,725,583</u>	<u>\$ 608,635</u>	<u>\$ 11,557,662</u>

Encumbrances of \$151,165 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
2010-2011	\$ 379,700	\$ 4,517,990	\$ 4,538,732	\$ 358,958
2011-2012	358,958	4,641,849	4,684,142	316,665

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, 2010, 2011 and 2012 were \$464,813, \$617,037 and \$700,489, 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 \$13,263,434.

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, 2012, the Town has recorded in the General Fund intergovernmental revenue schools and schools expenditures in the amount of \$2,723,919 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, 2012, plan members contributed \$365,423, and claims and benefits paid were \$422,066. Employer contributions were \$222,980. 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:

	<u>Retiree Health Plan</u>
Annual required contribution (ARC)	\$ 454,196
Interest on net OPEB obligation	45,776
Adjustment to annual required contribution	<u>(48,059)</u>
Annual OPEB cost	451,913
Contributions made	<u>222,980</u>
Increase in net OPEB obligation	228,933
Net OPEB obligation, beginning of year	<u>610,343</u>
Net OPEB Obligation, End of Year	<u>\$ 839,276</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, 2010, 2011 and 2012 are presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$ 608,365	\$ 374,536	61.56 %	\$ 499,736
6/30/11	441,141	330,534	74.92	610,343
6/30/12	451,913	222,980	49.34	839,276

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
6/30/10	\$ 609,360	\$ 374,536	61.46 %
6/30/11	443,010	330,534	74.61
6/30/12	454,196	222,980	49.09

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 July 5, 2012, the Town issued \$7,250,000 of Bond Anticipation Notes. The notes carry an interest rate of 1% and will mature April 4, 2013.

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, 2012

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Property Taxes:				
Current taxes	\$ 28,101,619	\$ 28,101,619	\$ 27,739,027	\$ (362,592)
Supplemental taxes	1,200,000	1,200,000	1,298,798	98,798
Prior year taxes	350,000	350,000	521,956	171,956
Interest and lien fees	150,000	150,000	204,835	54,835
Telephone access line	69,680	69,680	49,731	(19,949)
Housing authority in lieu of tax	30,000	30,000	27,289	(2,711)
Tax abatement	100,000	100,000	100,000	-
Total property taxes	<u>30,001,299</u>	<u>30,001,299</u>	<u>29,941,636</u>	<u>(59,663)</u>
Intergovernmental:				
General government:				
Elderly property tax relief			6,000	6,000
In lieu of tax, State Property	4,152,297	4,152,297	4,154,003	1,706
P.A. 436 PILOT on boats	6,390	6,390		(6,390)
Elderly circuit breaker	136,000	136,000	131,670	(4,330)
Totally Disabled Grants	300	300	374	74
Capital improvement program	160,000	160,000	132,200	(27,800)
Veterans' Exemptions	11,000	11,000	13,322	2,322
Office of Emergency Management	3,870	3,870	6,248	2,378
Off Track Betting/Teletheater	650,000	650,000	586,399	(63,601)
Mashantucket Pequot/Mohegan Grant	436,862	436,862	448,423	11,561
Municipal Revenue Sharing	1,324,000	1,324,000	1,227,844	(96,156)
Senior Center Transportation Grant	14,188	14,188	11,201	(2,987)
Youth Services	14,000	14,000	14,000	-
Public Works Grants	1	1		(1)
Police Grants	1	1		(1)
Various Grants		1,050,000	1,250,528	200,528
Total general government	<u>6,908,909</u>	<u>7,958,909</u>	<u>7,982,212</u>	<u>23,303</u>
Education:				
Educational Cost Sharing	4,652,368	4,652,368	4,634,652	(17,716)
School Building Grants	306,979	306,979	306,979	-
ADA Compliance Reimbursement Grant	154,100	154,100	109,262	(44,838)
School Transportation	71,216	71,216	75,286	4,070
Education of the Blind	2,850	2,850		(2,850)
Special Education	1	1		(1)
Total education	<u>5,187,514</u>	<u>5,187,514</u>	<u>5,126,179</u>	<u>(61,335)</u>
Total intergovernmental	<u>12,096,423</u>	<u>13,146,423</u>	<u>13,108,391</u>	<u>(38,032)</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, 2012

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Charges for Services:				
Conveyance tax	\$ 85,000	\$ 85,000	\$ 62,656	\$ (22,344)
Town Clerk's Office	80,000	80,000	83,297	3,297
Building permits	200,000	200,000	203,215	3,215
Zoning Board of Appeals	1,500	1,500	1,573	73
Planning and Zoning	5,000	5,000	1,612	(3,388)
Other licenses and permits	2,500	2,500	6,285	3,785
Trash haulers permits	2,100	2,100	1,500	(600)
Assessors Office	600	600	332	(268)
Inland Wetland fees	1,000	1,000	77	(923)
False alarm fines	1,000	1,000		(1,000)
Superior Court	10,000	10,000	13,697	3,697
Parking tickets	50,000	50,000	22,450	(27,550)
CONA program fees	3,500	3,500	3,500	-
Airplane registration fees	47,000	47,000	58,180	11,180
Tuitions	1,900	1,900	11,559	9,659
Park Revolving Fund	159,230	159,230	159,230	-
Police accident reports	20,744	20,744	16,298	(4,446)
Senior Citizen Mini-bus fee	3,000	3,000	3,635	635
Rental of town building	2,500	2,500	2,100	(400)
Rent from schools	500	500	4,280	3,780
Tower rental	40,000	40,000	79,371	39,371
Admissions tax - Teletheater	1	1		(1)
Town auction	1	1		(1)
Police reimbursement	1,500	1,500	16,473	14,973
Total charges for services	<u>718,576</u>	<u>718,576</u>	<u>751,320</u>	<u>32,744</u>
Investment Income:				
Income on investments	<u>100,000</u>	<u>100,000</u>	<u>106,154</u>	<u>6,154</u>
Other Revenues:				
Miscellaneous receipts	25,001	25,001	69,410	44,409
Workers' Compensation	12,000	12,000	7,942	(4,058)
Total other revenues	<u>37,001</u>	<u>37,001</u>	<u>77,352</u>	<u>40,351</u>
Total revenues	<u>42,953,299</u>	<u>44,003,299</u>	<u>43,984,853</u>	<u>(18,446)</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources:				
Transfers from other funds:				
Sewer Administration Fund	\$ 130,634	\$ 130,634	\$ 131,881	\$ 1,247
James DeForest Phelps Fund	100	100	31	(69)
Total other financing sources	<u>130,734</u>	<u>130,734</u>	<u>131,912</u>	<u>1,178</u>
Total	\$ <u>43,084,033</u>	\$ <u>44,134,033</u>	44,116,765	\$ <u>(17,268)</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			2,723,919	
The Board of Education does not budget for intergovernmental grants received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.			486,512	
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.			136,809	
Cancellation of prior year encumbrances are recognized as budgetary revenue.			<u>(9,524)</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>47,454,481</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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Auditing Services	\$ 33,365	\$ 33,365	\$ 29,031	\$ 4,334
Board of Assessment Appeals	1,056	1,056	856	200
Board of Assessors	145,127	145,127	138,158	6,969
Board of Finance	5,879	5,879	5,412	467
Board of Selectmen	136,280	138,525	136,917	1,608
Building Official	189,293	189,293	180,092	9,201
Capital Improvement Advisory Commission	646	646	310	336
Conservation Commission	3,269	3,269	2,549	720
Contingency Fund	300,000	40,080		40,080
Economic Development Commission	28,469	28,469	27,731	738
Finance Department	220,595	223,217	223,201	16
General expense all buildings	23,276	23,276	23,190	86
Historical Commission	421	421	128	293
Holiday observance	3,000	3,000	3,000	-
Human Resource	48,868	54,671	53,877	794
Information Technologies	46,722	46,722	45,938	784
Inland/Wetlands Agency	8,441	8,441	5,052	3,389
Municipal associations	19,154	19,154	19,053	101
Planning and Zoning Commission	29,243	29,243	26,271	2,972
Probate Court	25,500	25,500	18,618	6,882
Registrar of Voters	39,210	39,210	32,844	6,366
Senior Center	85,217	85,790	85,665	125
Tax Collector	165,482	311,482	292,488	18,994
Town Clerk	132,200	132,200	126,508	5,692
Town Counsel	71,000	149,747	128,119	21,628
Town Engineer	50,000	50,000	26,601	23,399
Town Office Building	149,993	158,041	152,564	5,477
Town Treasurer	200	200		200
Zoning Board of Appeals	3,929	5,648	5,440	208
Total general government	<u>1,965,835</u>	<u>1,951,672</u>	<u>1,789,613</u>	<u>162,059</u>
Public safety:				
Ambulance Association	26,500	26,500	26,500	-
Fire	367,783	374,195	337,836	36,359
Fire Marshal	61,880	61,880	56,103	5,777
Marine services	300	300		300
Nine bay garage/safety complex	2,400	2,400	2,177	223
Office of Emergency Management	24,644	28,937	28,348	589
Police	2,746,043	2,746,044	2,650,107	95,937
Animal control	5,650	6,559	6,028	531
Safety Complex	171,481	172,438	160,517	11,921
Water main/street lighting	651,209	651,209	635,517	15,692
Total public safety	<u>4,057,890</u>	<u>4,070,462</u>	<u>3,903,133</u>	<u>167,329</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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Public works:				
Landfill/refuse removal	\$ 1,057,340	\$ 1,057,340	\$ 1,035,690	\$ 21,650
Public Works Department	1,402,100	1,402,100	1,332,980	69,120
Public Works Garage	28,980	28,980	23,635	5,345
Snow removal	61,500	1,461,500	1,380,671	80,829
Spring Street Garage	9,360	9,360	8,803	557
Total public works	<u>2,559,280</u>	<u>3,959,280</u>	<u>3,781,779</u>	<u>177,501</u>
Health and welfare:				
Commission on Needs of the Aging	176,922	176,921	168,748	8,173
Outside services	102,213	103,804	103,304	500
Social services	55,826	55,826	48,142	7,684
Youth Service Bureau	53,472	53,472	45,361	8,111
Total health and welfare	<u>388,433</u>	<u>390,023</u>	<u>365,555</u>	<u>24,468</u>
Recreation:				
Parks and recreation	370,798	370,798	346,658	24,140
Public library	415,490	415,490	415,490	-
Total recreation	<u>786,288</u>	<u>786,288</u>	<u>762,148</u>	<u>24,140</u>
Employee benefits and insurance:				
Employee benefits	2,368,883	2,368,883	2,289,688	79,195
Insurance and bonds	415,000	415,000	374,878	40,122
Total employee benefits and insurance	<u>2,783,883</u>	<u>2,783,883</u>	<u>2,664,566</u>	<u>119,317</u>
Education	<u>27,359,841</u>	<u>27,359,841</u>	<u>27,200,148</u>	<u>159,693</u>
Debt service:				
Bond redemption	1,950,701	1,950,701	1,950,701	-
Interest	616,182	616,182	565,426	50,756
Total debt service	<u>2,566,883</u>	<u>2,566,883</u>	<u>2,516,127</u>	<u>50,756</u>
Total expenditures	<u>42,468,333</u>	<u>43,868,332</u>	<u>42,983,069</u>	<u>885,263</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, 2012

	<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	\$ 615,700	\$ 615,700	\$ 615,700	\$ -
Sewer Administration Fund				-
Total other financing uses	<u>615,700</u>	<u>615,700</u>	<u>615,700</u>	<u>-</u>
Total	<u>\$ 43,084,033</u>	<u>\$ 44,484,032</u>	43,598,769	<u>\$ 885,263</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.				
			2,723,919	
The Board of Education does not budget for intergovernmental grants received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.				
			486,512	
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.				
			136,809	
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>37,296</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>\$ 46,983,305</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sewer use charges and interest	\$ 1,761,846	\$ 1,761,846	\$ 1,715,524	\$ (46,322)
Fees	51,500	51,500	46,367	(5,133)
Investment income	15,000	15,000	18,016	3,016
Intergovernmental			33,679	33,679
Miscellaneous	100	152	149	(3)
Total revenues	<u>1,828,446</u>	<u>1,828,498</u>	<u>1,813,735</u>	<u>(14,763)</u>
Expenditures:				
Salaries	603,039	596,820	560,432	36,388
Fringe benefits	295,554	295,554	286,285	9,269
Overtime	38,500	44,719	35,280	9,439
Audit and legal fees	11,105	17,379	17,379	-
Chemicals/chlorine	77,334	75,941	68,993	6,948
Contingency	10,000			-
Electricity	203,650	181,288	176,921	4,367
Equipment rental/hauling	7,630	7,630	6,113	1,517
Fuel, oil, natural gas	15,121	25,617	25,617	-
Gasoline and diesel	14,143	14,143	11,077	3,066
Insurance	37,672	43,540	43,540	-
Lab equipment	23,646	23,646	23,539	107
Manholes	2,500	2,500	2,500	-
Mechanical maintenance	37,000	37,000	14,851	22,149
Outside services	23,769	23,769	22,195	1,574
Safety training	2,750	3,075	3,075	-
Nitrogen credit exchange program	6,685	6,685	6,685	-
Sewer line maintenance	14,900	14,900	13,528	1,372
Sludge disposal	83,500	83,500	75,690	7,810
Supplies	37,425	38,818	38,818	-
Telephone	4,908	4,908	4,584	324
User fee administration	8,500	11,851	11,851	-
Vehicle parts, repairs	6,500	6,500	4,947	1,553
Water	7,733	13,781	7,140	6,641
Facilities plan			4,978	(4,978)
Total expenditures	<u>1,573,564</u>	<u>1,573,564</u>	<u>1,466,018</u>	<u>107,546</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess of Revenues over Expenditures	\$ 254,882	\$ 254,934	\$ 347,717	\$ 92,783
Other financing sources (uses):				
Transfers out	<u>(235,893)</u>	<u>(235,893)</u>	<u>(264,591)</u>	<u>(28,698)</u>
Net Change in Fund Balance	\$ <u>18,989</u>	\$ <u>19,041</u>	83,126	\$ <u>64,085</u>
Fund Balance at Beginning of Year			<u>1,642,457</u>	
Fund Balance at End of Year			\$ <u>1,725,583</u>	

TOWN OF WINDSOR LOCKS, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 3,418,055	\$ 3,766,604
Investments	5,553,592	5,997,558
Property taxes receivable, net of allowance for \$372,938 in 2012 and \$295,450 in 2011	1,034,746	848,096
Accounts receivable	2,932,212	1,681,570
Due from other funds	<u>324,436</u>	<u>614,479</u>
Total Assets	<u>\$ 13,263,041</u>	<u>\$ 12,908,307</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 1,207,003	\$ 892,520
Due to other funds	104,060	433,907
Deferred revenue	<u>2,331,848</u>	<u>2,432,926</u>
Total liabilities	<u>3,642,911</u>	<u>3,759,353</u>
Fund balance:		
Assigned	151,165	197,984
Unassigned	<u>9,468,965</u>	<u>8,950,970</u>
Total fund balance	<u>9,620,130</u>	<u>9,148,954</u>
Total Liabilities and Fund Balance	<u>\$ 13,263,041</u>	<u>\$ 12,908,307</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2012

Grand List	Uncollected Taxes July 1, 2011	Current Tax Levy	Additions	Deductions	Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2012	
							Taxes	Interest and Lien Fees	Total		
1995	\$ 4,326	\$	\$	\$ 4,326	\$	\$	\$	\$	\$ -	\$ -	
1996	4,540					4,540			-	4,540	
1997	4,379					4,379			-	4,379	
1998	4,816					4,816			-	4,816	
1999	1,811					1,811			-	1,811	
2000	2,800					2,800			-	2,800	
2001	8,742					8,742	3,769	1,840	5,609	4,973	
2002	10,980					10,980	2,386	6,332	8,718	8,594	
2003	13,081					13,081	2,606	5,777	8,383	10,475	
2004	32,157					32,157	2,695	2,998	5,693	29,462	
2005	50,000			834		49,166	2,525	2,318	4,843	46,641	
2006	77,944					77,944	9,708	5,365	15,073	68,236	
2007	111,077		239			111,316	24,613	13,487	38,100	86,703	
2008	264,245		154	1,139	43,079	220,181	58,609	21,029	79,638	161,572	
2009	552,648		106,876	171,721		487,803	176,931	58,038	234,969	310,872	
Total prior years	1,143,546		107,269	178,020	43,079	1,029,716	283,842	117,184	401,026	745,874	
2010		30,030,537	41,201	372,103		29,699,635	29,037,825	80,749	29,118,574	661,810	
Total	\$ 1,143,546	\$ 30,030,537	\$ 148,470	\$ 550,123	\$ 43,079	\$ 30,729,351	29,321,667	197,933	29,519,600	\$ 1,407,684	
							Suspense Collections	5,572	6,902	12,474	
							Total	29,327,239	\$ 204,835	\$ 29,532,074	
							Prior year refunds expended:	207,648			
							Property taxes receivable considered available:				
							June 30, 2011	(83,234)			
							June 30, 2012	108,128			
							Total taxes	\$ 29,559,781			

TOWN OF WINDSOR LOCKS, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

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	\$	\$ 134,268	\$ 5,893	\$ 212,031	\$ 41,011	\$ 67,825	\$ 119,352
Investments							
Receivables, net	1,227		65		51,953	18,572	
Due from other funds	25,354		6,384		6,127		
Inventory					10,886		
Total Assets	<u>\$ 26,581</u>	<u>\$ 134,268</u>	<u>\$ 12,342</u>	<u>\$ 212,031</u>	<u>\$ 109,977</u>	<u>\$ 86,397</u>	<u>\$ 119,352</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$ 7,024	\$	\$ 95,077	\$	\$
Due to other funds						8,493	
Deferred revenue		134,268			5,099		
Total liabilities	<u>-</u>	<u>134,268</u>	<u>7,024</u>	<u>-</u>	<u>100,176</u>	<u>8,493</u>	<u>-</u>
Fund Balances:							
Nonspendable					10,886		
Restricted	26,581				51,953		
Committed			5,318	212,031		77,904	119,352
Unassigned					(53,038)		
Total fund balance	<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>
Total Liabilities and Fund Balances	<u>\$ 26,581</u>	<u>\$ 134,268</u>	<u>\$ 12,342</u>	<u>\$ 212,031</u>	<u>\$ 109,977</u>	<u>\$ 86,397</u>	<u>\$ 119,352</u>

(Continued on next page)

TOWN OF WINDSOR LOCKS, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	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	\$ 9,313	\$ 251,676	\$ 73,044	\$ 73,409	\$	\$ 987,822
Investments					3,835	3,835
Receivables, net		79,975				151,792
Due from other funds						37,865
Inventory						10,886
Total Assets	<u>\$ 9,313</u>	<u>\$ 331,651</u>	<u>\$ 73,044</u>	<u>\$ 73,409</u>	<u>\$ 3,835</u>	<u>\$ 1,192,200</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	\$ 35,998	\$	\$	\$	\$ 138,099
Due to other funds	1,114	245,191				254,798
Deferred revenue		51,301				190,668
Total liabilities	<u>1,114</u>	<u>332,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>583,565</u>
Fund Balances:						
Nonspendable					3,000	13,886
Restricted		(839)		73,409		151,104
Committed	8,199		73,044		835	496,683
Unassigned						(53,038)
Total fund balance	<u>8,199</u>	<u>(839)</u>	<u>73,044</u>	<u>73,409</u>	<u>3,835</u>	<u>608,635</u>
Total Liabilities and Fund Balances	<u>\$ 9,313</u>	<u>\$ 331,651</u>	<u>\$ 73,044</u>	<u>\$ 73,409</u>	<u>\$ 3,835</u>	<u>\$ 1,192,200</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, 2012

54

	<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	\$ 148,788	\$ 311,214	\$	\$ 132,711	\$ 361,149	\$ 339,791	\$ 311,927
Charges for services			4,693		441,180		
Contributions	17,602						
Income from investments				4			
Other revenues							
Total revenues	<u>166,390</u>	<u>311,214</u>	<u>4,693</u>	<u>132,715</u>	<u>802,329</u>	<u>339,791</u>	<u>311,927</u>
Expenditures:							
Current:							
General government	64,024						
Public safety	38,397		867			323,136	
Public works	43,127	311,214		55,772			
Health and welfare	15,059						
Recreation							274,221
Education	2,700				825,108		
Total expenditures	<u>163,307</u>	<u>311,214</u>	<u>867</u>	<u>55,772</u>	<u>825,108</u>	<u>323,136</u>	<u>274,221</u>
Excess (Deficiency) of Revenues over Expenditures	3,083	-	3,826	76,943	(22,779)	16,655	37,706
Other Financing Sources (Uses):							
Transfers out							
Net Change in Fund Balances	3,083	-	3,826	76,943	(22,779)	16,655	37,706
Fund Balances at Beginning of Year	<u>23,498</u>	<u>-</u>	<u>1,492</u>	<u>135,088</u>	<u>32,580</u>	<u>61,249</u>	<u>81,646</u>
Fund Balances at End 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>

(Continued on next page)

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, 2012

	Special Revenue				Permanent Fund	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Special Education Grants	Human Services	Police Department Asset Forfeiture	James DeForest Phelps	
Revenues:						
Intergovernmental	\$	\$ 1,380,922	\$	\$ 2,243	\$	\$ 2,337,027
Charges for services	39,652	172,982	10,097			1,320,322
Contributions	2,427					20,029
Income from investments					31	35
Other revenues						-
Total revenues	<u>42,079</u>	<u>1,553,904</u>	<u>10,097</u>	<u>2,243</u>	<u>31</u>	<u>3,677,413</u>
Expenditures:						
Current:						
General government						64,024
Public safety				22,808		385,208
Public works						410,113
Health and welfare	48,153		7,803			71,015
Recreation						274,221
Education		1,555,193				2,383,001
Total expenditures	<u>48,153</u>	<u>1,555,193</u>	<u>7,803</u>	<u>22,808</u>	<u>-</u>	<u>3,587,582</u>
Excess (Deficiency) of Revenues over Expenditures	(6,074)	(1,289)	2,294	(20,565)	31	89,831
Other Financing Sources (Uses):						
Transfers out					(31)	(31)
Net Change in Fund Balances	(6,074)	(1,289)	2,294	(20,565)	-	89,800
Fund Balances at Beginning of Year	<u>14,273</u>	<u>450</u>	<u>70,750</u>	<u>93,974</u>	<u>3,835</u>	<u>518,835</u>
Fund Balances at End 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>

TOWN OF WINDSOR LOCKS, CONNECTICUT

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND - BY PROJECT

JUNE 30, 2012

	<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	\$ 2,543,476	\$ 1,390,573	\$ 69,291	\$ 4,003,340
Total Assets	<u>\$ 2,543,476</u>	<u>\$ 1,390,573</u>	<u>\$ 69,291</u>	<u>\$ 4,003,340</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Bond anticipation note payable	\$	\$ 4,400,000	\$	\$ 4,400,000
Due to other funds		<u>26</u>		<u>26</u>
Total Liabilities		<u>4,400,026</u>		<u>4,400,026</u>
Fund Balances:				
Committed	2,543,476		69,291	2,612,767
Unassigned		<u>(3,009,453)</u>		<u>(3,009,453)</u>
Total fund balance	<u>2,543,476</u>	<u>(3,009,453)</u>	<u>69,291</u>	<u>(396,686)</u>
Total Liabilities and Fund Balances	<u>\$ 2,543,476</u>	<u>\$ 1,390,573</u>	<u>\$ 69,291</u>	<u>\$ 4,003,340</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, 2012

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Total Capital Projects Fund</u>
Revenues:				
Intergovernmental	\$	\$ 164,808	\$	\$ 164,808
Income from investments	<u>1,878</u>	<u>1,228</u>	<u>126</u>	<u>3,232</u>
Total revenues	<u>1,878</u>	<u>166,036</u>	<u>126</u>	<u>168,040</u>
Expenditures:				
Capital outlay	<u>691,267</u>	<u>1,603,354</u>	<u>77,903</u>	<u>2,372,524</u>
Deficiency of Revenues over Expenditures	<u>(689,389)</u>	<u>(1,437,318)</u>	<u>(77,777)</u>	<u>(2,204,484)</u>
Other Financing Sources:				
Issuance of capital leases	38,125			38,125
Transfers in	<u>615,700</u>		<u>132,710</u>	<u>748,410</u>
Total other financing sources	<u>653,825</u>	<u>-</u>	<u>132,710</u>	<u>786,535</u>
Net Change in Fund Balances	(35,564)	(1,437,318)	54,933	(1,417,949)
Fund Balances at Beginning of Year	<u>2,579,040</u>	<u>(1,572,135)</u>	<u>14,358</u>	<u>1,021,263</u>
Fund Balances at End of Year	<u>\$ 2,543,476</u>	<u>\$ (3,009,453)</u>	<u>\$ 69,291</u>	<u>\$ (396,686)</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets:				
Cash and cash equivalents:				
Student Activities Fund	\$ <u>243,460</u>	\$ <u>586,065</u>	\$ <u>605,831</u>	\$ <u>223,694</u>
Liabilities:				
Accounts payable:				
Student Activities Fund	\$ <u>243,460</u>	\$ <u>586,065</u>	\$ <u>605,831</u>	\$ <u>223,694</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
SEWER ADMINISTRATION FUND
REPORT OF SEWER USE CHARGE COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2012

List Year	Uncollected Charges July 1, 2011	Current Year Billings and Adjustments	Adjusted Charges Collectible	Collections			Uncollected Charges June 30, 2012
				Charges	Interest and Lien Fees	Total	
2002	\$ 97	\$	\$ 97	\$	\$	\$	\$ 97
2003	1,257		1,257	228	347	575	1,029
2004	2,323		2,323	884	1,284	2,168	1,439
2005	4,006		4,006	1,927	2,267	4,194	2,079
2006	9,615		9,615	3,730	3,828	7,558	5,885
2007	18,854	(1,562)	17,292	5,646	5,159	10,805	11,646
2008	38,090	(2,039)	36,051	10,849	7,976	18,825	25,202
2009	62,459	(2,039)	60,420	20,265	9,036	29,301	40,155
2010	108,969	(2,579)	106,390	42,427	12,408	54,835	63,963
Total prior years	245,670	(8,219)	237,451	85,956	42,305	128,261	151,495
2011		1,670,606	1,670,606	1,566,922	20,341	1,587,263	103,684
Total	\$ 245,670	\$ 1,662,387	\$ 1,908,057	\$ 1,652,878	\$ 62,646	\$ 1,715,524	\$ 255,179

TOWN OF WINDSOR LOCKS, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2012

Total tax collections (including interest and lien fees) for current fiscal year	\$ 29,532,074
Reimbursement for loss of revenue:	
Tax relief for elderly	<u>6,000</u>
Base	<u>\$ 29,538,074</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 66,460,667	\$	\$	\$	\$
4-1/2 times base		132,921,333			
3-3/4 times base			110,767,778		
3-1/4 times base				95,998,741	
3 times base					88,614,222
Total debt limitation	<u>66,460,667</u>	<u>132,921,333</u>	<u>110,767,778</u>	<u>95,998,741</u>	<u>88,614,222</u>
Indebtedness:					
Bonds and notes payable	4,812,768	7,617,232	927,449		
Bonds authorized and unissued	4,270,000	5,250,000			
Less school building grants		(1,362,778)			
Net indebtedness	<u>9,082,768</u>	<u>11,504,454</u>	<u>927,449</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 57,377,899</u>	<u>\$ 121,416,879</u>	<u>\$ 109,840,329</u>	<u>\$ 95,998,741</u>	<u>\$ 88,614,222</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$206,766,518).

TOWN OF WINDSOR LOCKS, CONNECTICUT

FOR THE YEAR ENDED JUNE 30, 2012

PRINCIPAL TAXPAYERS

<u>Name</u>	<u>Nature of Business</u>	<u>Taxable Valuation as of 10/1/10</u>	<u>Percent of Net Taxable Grand List*</u>
United Technologies	Manufacturing	\$ 47,521,110	3.84 %
Hertz Vehicles LLC	Car rental	29,924,940	2.42
PV Holding Corp	Car rental	23,603,700	1.91
EAN Holdings LLC	Car rental	23,183,170	1.87
AREH Windsor Locks, LLC	Warehouse	22,594,200	1.82
Ahlstrom Nonwovens LLC	Manufacturing	17,883,010	1.44
Connecticut Light & Power	Utility	13,034,590	1.05
Hartford Parking Property LLC	Valet parking	12,973,100	1.05
American Honda Motor Co.	Manufacturing	12,273,830	0.99
Roncari Development Co.	Valet parking	<u>10,845,400</u>	<u>0.88</u>
Total		\$ <u><u>213,837,050</u></u>	<u><u>17.27</u></u> %

* Based on 10/01/10 Net Taxable Grand List of \$1,237,954,571

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								
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)	
2003	2001	37.0	24.0	0.1	21.3	17.6	955,633	56,694	898,939	0.1	

62

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, 2012

Bonded Debt:		
General purpose	\$	4,812,768
Schools		7,617,232
Sewers		927,449
Total bonded debt		<u>13,357,449</u>
Short-Term Debt:		<u>4,400,000</u>
Total direct debt		17,757,449
Less school construction grants receivable		<u>(1,362,778)</u>
Total Overall Net Debt	\$	<u><u>16,394,671</u></u>

CURRENT DEBT RATIOS

FOR THE YEAR ENDED JUNE 30, 2012

Population, 2011		12,709
Per capita income, 2011	\$	29,025
Net taxable grand list, 10/1/10	\$	1,238,538,456
Estimated full value @ 70%	\$	1,769,340,651
Equalized net grand list, 2009**	\$	1,686,160,158

	Overall Debt	Overall Net Debt
	\$ 17,757,449	\$ 16,394,671
Per capita	\$ 1,397.23	\$ 1,290.00
To net taxable grand list	1.43%	1.32%
To estimated full value @ 70%	1.00%	0.93%
To equalized net grand list, 2009	1.05%	0.97%
Ratio of debt per capita to per capita income	4.81%	4.44%

*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, 2012			
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	
2003	2001	898,939	22.21	20,871	98.3		1.7		0	