

**TOWN OF SOUTH WINDSOR, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012**

# TOWN OF SOUTH WINDSOR, CONNECTICUT

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## Independent Auditors' Report

To the Town Council  
Town of South Windsor, 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 South Windsor, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of South Windsor, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of South Windsor, 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 South Windsor, 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 South Windsor, 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 26, 2012 on our consideration of the Town of South Windsor, 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 8 and the General Fund and Sewer Operating fund budgetary comparison information on pages 45 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 considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

December 26, 2012

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

This discussion and analysis of the Town of South Windsor, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2012. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

**Financial Highlights**

- Net assets of our governmental activities decreased by \$1,252,159, or approximately 0.9%.
- During the year, the Town had expenses that were \$1,252,159 more than the \$123,164,487 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$124,416,646 with no new programs added this year.
- The General Fund reported a fund balance this year of \$5,053,337.
- For the General Fund, expenditures were kept within spending limits.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (such as the

Sewer Operating Fund) or to show that it is meeting legal responsibilities for using grants and other money (such as grants received for education from the State and Federal governments). The Town's funds are divided into two categories: governmental and fiduciary.

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

### **Government-Wide Financial Analysis**

The Town's government-wide activities net assets changed from a year ago, decreasing from \$137,002,406 to \$135,750,247. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

**TABLE 1  
NET ASSETS**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Current assets	\$ 33,816,010	\$ 28,623,108
Capital assets, net of accumulated depreciation	190,306,911	186,274,826
Total assets	<u>224,122,921</u>	<u>214,897,934</u>
Long-term liabilities outstanding	40,860,709	47,695,993
Other liabilities	47,511,965	30,199,535
Total liabilities	<u>88,372,674</u>	<u>77,895,528</u>
Net Assets:		
Invested in capital assets, net of related debt	118,642,281	133,875,251
Unrestricted	<u>17,107,966</u>	<u>3,127,155</u>
Total Net Assets	<u>\$ 135,750,247</u>	<u>\$ 137,002,406</u>

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, increased by \$13,980,811 at June 30, 2012.

**TABLE 2  
CHANGE IN NET ASSETS**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Revenues:		
Program revenues:		
Charges for services	\$ 9,606,048	\$ 8,647,634
Operating grants and contributions	24,004,841	21,764,066
Capital grants and contributions	9,009,790	4,579,910
General revenues:		
Property taxes	79,389,621	77,579,585
Grants and contributions not restricted to specific purposes	1,032,892	1,342,114
Unrestricted investment earnings	117,606	135,226
Other general revenues	3,689	9,357
Total revenues	<u>123,164,487</u>	<u>114,057,892</u>
Expenses:		
General government	5,121,861	4,860,046
Public safety	9,125,906	9,483,051
Public works	22,845,865	13,030,693
Human services	1,793,418	1,683,719
Culture and recreation	6,551,287	6,253,473
Education	77,421,480	72,800,171
Debt service	1,556,829	1,091,251
Total expenses	<u>124,416,646</u>	<u>109,202,404</u>
Increase in Net Assets	\$ <u>(1,252,159)</u>	\$ <u>4,855,488</u>

The Town's total revenues were \$123,164,487. The total cost of all programs and services was \$124,416,646. Our analysis below separately considers the operations of governmental activities.

### **Governmental Activities**

The Town's net assets decreased by \$1,252,159 during the current fiscal year. Key elements of this decrease are as follows:

- An increase in Public Works expenses due to the damage caused by Storm Alfred and the improvement and/or maintenance of buildings, roads, bridges, sewer pump stations, and the sewer treatment plant.
- An increase in Education expenses as a result of additional expenditures related to grant programs, employer contributions to the pension fund, and capital improvements to school buildings.

Table 3 presents the cost of each of the Town's programs - general government, public safety, public works, human services, culture and recreation, education and debt service - 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**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
General government	\$ 5,121,861	\$ 4,860,046	\$ (2,338,908)	\$ 172,000
Public safety	9,125,906	9,483,051	(8,661,515)	(9,298,262)
Public works	22,845,865	13,030,693	(10,829,273)	(9,102,047)
Human services	1,793,418	1,683,719	(1,638,667)	(1,569,169)
Culture and recreation	6,551,287	6,253,473	(4,926,940)	(4,518,770)
Education	77,421,480	72,800,171	(51,843,835)	(48,848,853)
Debt service	<u>1,556,829</u>	<u>1,091,251</u>	<u>(1,556,829)</u>	<u>(1,045,693)</u>
Total	<u>\$ 124,416,646</u>	<u>\$ 109,202,404</u>	<u>\$ (81,795,967)</u>	<u>\$ (74,210,794)</u>

### **Town Funds Financial Analysis**

#### **Governmental Funds**

The Town's governmental funds (as presented in the balance sheet - Exhibit III) reported combined ending fund balances of (\$13,106,249). The Town's unassigned fund balance was (\$20,585,893), which includes a \$26,621,342 liability associated with the Town's participation in the State of Connecticut's Clean Water Loan program. When the temporary financing for the Upgrade of the Water Pollution Control Facility under this loan program is converted to permanent financing on September 28, 2012, the liability will be reduced and fund balance will be increased accordingly. The \$4,142,567 remainder of fund balance is bound by constraints imposed on these resources.

The General Fund is the operating fund of the Town. Total fund balance of the Town's General Fund decreased by \$1,323,787 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,504,042, while total fund balance was \$5,053,337.

The Town's collection rate in fiscal year 2012 was 98.7%, which is consistent with the collection rate over the past five fiscal years.

#### **General Fund Budgetary Highlights**

The approved town budget (including education) for fiscal year 2011/2012 was \$96,400,027. Education expenses continued to be the largest component at 66.4%, followed by public safety at 7.7%, and public works at 7.0%.

The most significant changes from the adopted budget to the final budget were as follows:

- A negative variance of \$482,175 in the Health and Life insurance budget because actual claims in the Town's Self Funded Medical Insurance Fund were higher than projected.
- A positive variance of \$193,520 in Public Works budget as a result of a spending freeze instituted on December 19, 2011.



- A negative variance of \$81,444 in the Debt Service budget as a result of the first installment of the lease purchase for the 2011 Monarch Pumper Fire Truck due on June 1, 2012, but not included in the 2012 budget.
- A positive variance of \$60,543 in the Workers' Compensation budget due to the annual renewal premium being lower than anticipated.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2012, the Town had \$190,306,911 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$4,032,085 over last year.

Major capital asset activity during the current fiscal year included the following:

- Facility upgrade of the Waste Water Treatment Plant funded with loans and grants from the State of Connecticut Clean Water Fund in the amount of \$4,167,526.
- Reconstruction of several Town roads funded with bond proceeds and State grants in the amount of \$1,218,199.
- Upgrade of Sewer Pump Stations funded with the proceeds from bond anticipation notes.

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

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Land	\$ 17,266,366	\$ 17,266,366
Buildings	70,097,098	71,770,593
Improvements other than buildings	13,701,344	13,914,798
Furniture and equipment	6,361,772	6,206,428
Infrastructure	43,570,868	42,989,100
Construction in progress	39,309,463	34,127,541
Total	<u>\$ 190,306,911</u>	<u>\$ 186,274,826</u>

### Long-Term Debt

At June 30, 2012, the Town had \$34,491,111 in bonds and notes outstanding versus \$35,190,939 last year - a decrease of 2.0% - as shown in Table 5.

**TABLE 5**  
**OUTSTANDING DEBT**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
General Obligation Bonds and Notes	<u>\$ 34,491,111</u>	<u>\$ 35,190,939</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The 2011/2012 adopted budget for the General Fund is \$96,400,027, an increase of \$826,327 (0.86%). The Town's elected and appointed officials considered many factors when adopting the budget, including the following:

- Unemployment Rate - The unemployment rate was projected to remain unchanged during the 2011/2012 fiscal year. The Town's current rate is 6.6%, which compares favorably to the state's unemployment rate of 8.9% and the national rate of 7.8% (September 2012). The Town's 6.6% unemployment rate is slightly higher than its rate of 5.9% for November 2011.
- Economic Conditions - Budgeted building and fire permit revenues were reduced for the 2011/2012 fiscal year because many pending development projects were expected to be delayed. In addition, budgeted revenues from the State of Connecticut were reduced due to the State's budget deficit.

### **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 Matthew B. Galligan, Town Manager, Town of South Windsor, 1540 Sullivan Avenue, South Windsor, Connecticut 06074.

## TOWN OF SOUTH WINDSOR, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 19,896,859
Investments	55,274
Receivables, net	13,276,365
Inventory	29,687
Prepaid items	135,863
Due from fiduciary funds	18,100
Deferred charges	403,862
Capital assets not being depreciated	56,575,829
Capital assets being depreciated, net of accumulated depreciation	133,731,082
Total assets	<u>224,122,921</u>
Liabilities:	
Accounts payable and accrued liabilities	4,232,214
Unearned revenue	860,155
Notes payable	35,671,342
Unamortized bond premiums	96,998
Noncurrent liabilities:	
Due within one year	5,390,344
Due in more than one year	42,121,621
Total liabilities	<u>88,372,674</u>
Net Assets:	
Invested in capital assets, net of related debt	118,642,281
Unrestricted	17,107,966
Total Net Assets	<u>\$ 135,750,247</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTH WINDSOR, 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	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 5,121,861	\$ 1,448,690	\$ 171,502	\$ 1,162,761	\$ (2,338,908)
Public safety	9,125,906	122,635	167,775	173,981	(8,661,515)
Public works	22,845,865	3,780,034	563,510	7,673,048	(10,829,273)
Human services	1,793,418	71,340	83,411		(1,638,667)
Culture and recreation	6,551,287	1,583,926	40,421		(4,926,940)
Education	77,421,480	2,599,423	22,978,222		(51,843,835)
Interest on long-term debt	1,556,829				(1,556,829)
Total	\$ <u>124,416,646</u>	\$ <u>9,606,048</u>	\$ <u>24,004,841</u>	\$ <u>9,009,790</u>	<u>(81,795,967)</u>
General revenues:					
Property taxes					79,389,621
Grants and contributions not restricted to specific programs					1,032,892
Unrestricted investment earnings					117,606
Miscellaneous					3,689
Total general revenues					<u>80,543,808</u>
Change in net assets					(1,252,159)
Net Assets at Beginning of Year					<u>137,002,406</u>
Net Assets at End of Year					\$ <u>135,750,247</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTH WINDSOR, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,258,957	\$ 35,811	\$ 2,356,695	\$ 2,110,302	\$ 17,761,765
Investments				55,274	55,274
Receivables, net	4,363,703	8,229,643	401,418	214,543	13,209,307
Due from other funds	2,781,908	7,292,450	7,650,354	1,041,466	18,766,178
Other assets	135,863			29,687	165,550
Total Assets	<u>\$ 20,540,431</u>	<u>\$ 15,557,904</u>	<u>\$ 10,408,467</u>	<u>\$ 3,451,272</u>	<u>\$ 49,958,074</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 2,274,886	\$ 624,060	\$ 38,170	\$ 129,607	\$ 3,066,723
Due to other funds	9,191,820		8,876,265	1,179,993	19,248,078
Notes payable		35,671,342			35,671,342
Deferred revenue	4,020,388		401,418	656,374	5,078,180
Total liabilities	<u>15,487,094</u>	<u>36,295,402</u>	<u>9,315,853</u>	<u>1,965,974</u>	<u>63,064,323</u>
Fund balances:					
Nonspendable	135,863			29,687	165,550
Restricted				746,991	746,991
Committed		3,337,077	1,092,614	723,980	5,153,671
Assigned	1,413,432				1,413,432
Unassigned	3,504,042	(24,074,575)		(15,360)	(20,585,893)
Total fund balances	<u>5,053,337</u>	<u>(20,737,498)</u>	<u>1,092,614</u>	<u>1,485,298</u>	<u>(13,106,249)</u>
Total Liabilities and Fund Balances	<u>\$ 20,540,431</u>	<u>\$ 15,557,904</u>	<u>\$ 10,408,467</u>	<u>\$ 3,451,272</u>	<u>\$ 49,958,074</u>

(Continued on next page)

## TOWN OF SOUTH WINDSOR, 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	\$ (13,106,249)
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 317,267,053	
Less accumulated depreciation	<u>(126,960,142)</u>	
Net capital assets		190,306,911

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	2,066,603
Interest receivable on property taxes	1,750,004
Assessments and user fee receivable	398,343
Interest receivable on assessments and user fees	3,075
Bond issuance costs	403,862

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

1,713,825

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

Net OPEB obligation	(35,799)
Net pension obligation	(4,160,233)
Bonds and notes payable	(34,562,838)
Interest payable on bonds and notes	(177,164)
Compensated absences	(7,322,645)
Capital lease	(1,322,737)
Unamortized bond premium on refunding	(1,350,656)
Unamortized bond premium on general obligation bonds	(96,998)
Deferred charges on refunding	<u>1,242,943</u>

Net Assets of Governmental Activities (Exhibit I)	<u><u>\$ 135,750,247</u></u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTH WINDSOR, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	General	Capital Projects Fund	Sewer Operating Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 79,552,717	\$	\$	\$	\$ 79,552,717
Intergovernmental	20,555,762	9,009,790		4,214,711	33,780,263
Charges for services	1,605,477	29,075	3,636,378	4,477,393	9,748,323
Investment earnings	38,575		66,136	3,300	108,011
Miscellaneous		244,220		155,015	399,235
Total revenues	<u>101,752,531</u>	<u>9,283,085</u>	<u>3,702,514</u>	<u>8,850,419</u>	<u>123,588,549</u>
Expenditures:					
Current:					
General government	3,043,533			5,575	3,049,108
Public safety	7,345,398			76,992	7,422,390
Public works	6,546,582		2,921,290	281,538	9,749,410
Human services	928,664			169,560	1,098,224
Culture and recreation	2,634,332			1,597,225	4,231,557
Insurance and sundry	5,856,476				5,856,476
Education	70,996,075			6,669,139	77,665,214
Debt service	4,861,014	182,146			5,043,160
Capital outlay		17,864,364			17,864,364
Total expenditures	<u>102,212,074</u>	<u>18,046,510</u>	<u>2,921,290</u>	<u>8,800,029</u>	<u>131,979,903</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(459,543)</u>	<u>(8,763,425)</u>	<u>781,224</u>	<u>50,390</u>	<u>(8,391,354)</u>
Other Financing Sources (Uses):					
Issuance of general obligation bonds		2,000,000			2,000,000
Issuance of refunding bonds		15,185,000			15,185,000
Payments to bond escrow		(15,912,713)			(15,912,713)
Proceeds from capital leases		684,547			684,547
Premium on bonds issued	202,148	909,859			1,112,007
Transfers in	60,213	676,605			736,818
Transfers out	(1,126,605)		(87,240)	(22,973)	(1,236,818)
Total other financing sources (uses)	<u>(864,244)</u>	<u>3,543,298</u>	<u>(87,240)</u>	<u>(22,973)</u>	<u>2,568,841</u>
Net Change in Fund Balances	<u>(1,323,787)</u>	<u>(5,220,127)</u>	<u>693,984</u>	<u>27,417</u>	<u>(5,822,513)</u>
Fund Balances at Beginning of Year	<u>6,377,124</u>	<u>(15,517,371)</u>	<u>398,630</u>	<u>1,457,881</u>	<u>(7,283,736)</u>
Fund Balances at End of Year	<u>\$ 5,053,337</u>	<u>\$ (20,737,498)</u>	<u>\$ 1,092,614</u>	<u>\$ 1,485,298</u>	<u>\$ (13,106,249)</u>

(Continued on next page)

## TOWN OF SOUTH WINDSOR, 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)	\$ (5,822,513)
---	----------------

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	8,917,498
Depreciation expense	(4,859,960)

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.

(25,453)

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	(302,318)
Property tax receivable - accrual basis change	(201,174)
Property tax interest and lien revenue - accrual basis change	38,078
Sewer user fees and assessment receivable - accrual basis change	53,255
Sewer user fees and assessment interest receivable - accrual basis change	(21,498)

Change in OPEB assets	(6,104)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	2,955,000
Note payments	572,286
Issuance of bonds and notes	(2,000,000)
Issuance of refunding bonds	(15,185,000)
Premium on bonds	(202,148)
Capital lease payments	228,364
Issuance of capital lease	(684,547)
Payments to bond refunding agent	15,912,713
Bond issuance costs	182,146
Premium on bonds refunded	(909,859)

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	(50,268)
Accrued interest	36,752
Amortization of deferred charge on refunding	(595,194)
Amortization of issuance costs and premiums, net	106,977
Net pension expense	25,495
Net OPEB expense	(35,799)

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.

621,112

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (1,252,159)</u>
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The accompanying notes are an integral part of the financial statements



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

**JUNE 30, 2012**

	<b><u>Governmental Activities Internal Service Fund</u></b>
Assets:	
Cash and cash equivalents	\$ 2,135,094
Accounts receivable	67,058
Due from other funds	<u>500,000</u>
Total assets	2,702,152
Liabilities:	
Accounts and other payables	<u>988,327</u>
Net Assets:	
Unrestricted	\$ <u><u>1,713,825</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<b><u>Governmental Activities Internal Service Fund</u></b>
Operating Revenues:	
Charges for services	\$ <u>15,955,960</u>
Operating Expenses:	
Employee benefits	15,568,193
Administrative fees	<u>276,250</u>
Total operating expenses	<u>15,844,443</u>
Operating Income	111,517
Nonoperating Revenue:	
Income on investments	<u>9,595</u>
Income Before Transfers	121,112
Transfer In	<u>500,000</u>
Change in Net Assets	621,112
Net Assets at Beginning of Year	<u>1,092,713</u>
Net Assets at End of Year	\$ <u><u>1,713,825</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTH WINDSOR, CONNECTICUT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2012

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Cash Flows from Operating Activities:	
Cash received from premiums - Town departments and agencies	\$ 15,955,960
Claims paid	(15,480,674)
Amount paid to contractor	(276,250)
Net cash provided by operating activities	<u>199,036</u>
Cash Flows from Investing Activities:	
Income from investments	<u>9,595</u>
Net Increase in Cash and Cash Equivalents	208,631
Cash and Cash Equivalents at Beginning of Year	<u>1,926,463</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,135,094</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ <u>111,517</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in accounts receivable	(67,058)
Increase in accounts and other payables	<u>154,577</u>
Total adjustments	<u>87,519</u>
Net Cash Provided by Operating Activities	<u><u>\$ 199,036</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTH WINDSOR, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2012

	<b>Pension Trust Funds</b>	<b>Other Post Employment Benefit Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Assets:			
Cash and cash equivalents	\$	\$ 646,221	\$ 1,008,191
Investments:			
Mutual funds	24,242,940		
Accounts receivable	<u>17,836</u>	<u>                    </u>	<u>991</u>
Total assets	<u>24,260,776</u>	<u>646,221</u>	<u>\$ 1,009,182</u>
Liabilities:			
Accounts payable and due to others			\$ 1,009,182
Due to other funds	<u>                    </u>	<u>18,100</u>	<u>                    </u>
Total liabilities	<u>-</u>	<u>18,100</u>	<u>\$ 1,009,182</u>
Net Assets:			
Held in trust for pension benefits and other purposes	<u>\$ 24,260,776</u>	<u>\$ 628,121</u>	

NOTE: Pension trust funds are reported at December 31, 2011.

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTH WINDSOR, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS  
PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2012

	<b>Pension Trust Funds</b>	<b>Other Post Employment Benefit Trust Fund</b>
	<hr/>	<hr/>
Additions:		
Contributions:		
Employer	\$ 2,095,203	\$ 658,000
Plan members	733,461	
Total contributions	<hr/> 2,828,664 <hr/>	<hr/> 658,000 <hr/>
Investment earnings:		
Net appreciation (depreciation) in fair value of investments	(1,141,716)	
Interest and dividends	637,757	1,358
Total investment gain (loss)	<hr/> (503,959) <hr/>	<hr/> 1,358 <hr/>
Less investment expenses	<hr/> 39,968 <hr/>	<hr/>
Total additions	<hr/> 2,284,737 <hr/>	<hr/> 659,358 <hr/>
Deductions:		
Benefits	1,470,250	500,000
Administration	<hr/> 62,551 <hr/>	<hr/> 19,100 <hr/>
Total deductions	<hr/> 1,532,801 <hr/>	<hr/> 519,100 <hr/>
Change in Net Assets	751,936	140,258
Net Assets - Beginning of Year	<hr/> 23,508,840 <hr/>	<hr/> 487,863 <hr/>
Net Assets - End of Year	<hr/> \$ 24,260,776 <hr/>	<hr/> \$ 628,121 <hr/>

The accompanying notes are an integral part of the financial statements

# **TOWN OF SOUTH WINDSOR, CONNECTICUT**

## **NOTES TO FINANCIAL STATEMENTS**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of South Windsor (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 was incorporated in 1845. The Town operates under a Town Council/Town Manager form of government and provides the following services as authorized by its charter: public safety, public works, public health and social services, parks and recreation, and education.

#### **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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

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, the proprietary fund 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for the financial resources to be used for major capital asset construction and/or purchases.

The *Sewer Operating Fund* accounts for sewer use and assessment fees used to maintain sewer operations within the Town. The major sources of revenue for this fund is sewer assessments and use charges.

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 *Pension Trust Funds* account for the activities of the South Windsor Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Other Post Employment Benefit Trust Fund* accounts for the accumulated resources and payments associated with both Town and Board of Education health insurance benefits to former qualified employees.

The *Agency Funds* account for monies held on behalf of students and amounts held for performance related activities.

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 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.

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

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

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

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

Investments for the Town are reported at fair value.

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied on all assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Assessed values are established by the Town Assessor's Office at 70% of appraised value. The tax bills are payable in two installments, July and January. In accordance with State Statutes, the oldest outstanding tax is collected first. Delinquent taxes are charged with interest at the rate of 1.5% per month. Outstanding real estate tax accounts are automatically lien-ed each year prior to June 30.

In the governmental fund financial statements property tax revenues are recognized when they become available. Available means due or past due and received within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue.

#### **F. Inventories and Prepaid Items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 for equipment, \$50,000 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 of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Roads	75
Bridges	50
Sewer collection pipes	75
Sewer collection manholes	75
Buildings	40
Improvements other than buildings	20
Machinery and equipment	5-20
Vehicles	6-20
Office equipment	10
Computer equipment	3

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

Town and noncertified Board of Education employees are granted vacation and sick leave and certified employees of the Board of Education are granted sick leave based upon length of employment. In the event of termination, employees are compensated for accumulated vacation and, depending on the terms of their union contract, sick time.

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

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

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

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

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

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

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

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

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). The Town Council may commit resources by resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

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

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

## **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 and Sewer Operating Fund financial statements.

- Prior to March 15, the Board of Education submits to the Town Council a proposed budget for the year commencing July 1. Prior to March 22, the Town Manager submits to the Town Council a proposed operating budget for the general government for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. By April 15, the Town Council must have the Board of Education budget ready for public hearing and by April 22, the Town Council must have the general government budget ready for public hearing.
- By April 30, public hearings are conducted on the Board of Education budget and by May 7, public hearings are conducted on the general government budget.
- By May 15, the Town Council shall adopt the Board of Education budget and by May 22, the Town Council shall adopt the general government budget.
- The Town Manager may transfer unencumbered funds within a department budget. The Town Council may transfer unencumbered funds between departments and is authorized to make additional appropriations. There were no additional appropriations approved 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 function 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 and Town Council approval.
- 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, or no expenditure from or encumbrance of the appropriation has been made for three consecutive fiscal years.

## **B. Fund Deficits**

The Animal Control Fund had a fund balance deficit as of June 30, 2012 in the amount of \$15,360. This deficit will be funded with future charges for services and General Fund contributions.

The Capital Projects fund showed a deficit fund balance at June 30, 2012 of \$20,737,498. This deficit will be funded through long-term debt and other 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 the Statutes, 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 deposits may not be returned to it. 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, \$14,775,366 of the Town's bank balance of \$16,245,731 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,365,984
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>9,409,382</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 14,775,366</u>

## Cash Equivalents

At June 30, 2012, the Town's cash equivalents amounted to \$3,267,950. 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 &amp; Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management	AAAm

## Investments

Investments as of June 30, 2012 (December 31, 2011 for Pension Trust Fund) in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Mutual funds	\$ 24,298,214

*Interest Rate Risk* - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. 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 limit its investment choices.

*Concentration of Credit Risk* - The Town's investment policy does not specify a limit for an investment in any one issuer.

*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. At June 30, 2012, the Town had no 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 funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 2,121,616	\$	\$ 3,075	\$	\$ 2,124,691
Taxes	3,061,531				3,061,531
Accounts	132,877		393,673	106,803	633,353
Intergovernmental	123,439	8,229,643		193,625	8,546,707
Special assessments			4,670		4,670
Gross receivables	<u>5,439,463</u>	<u>8,229,643</u>	<u>401,418</u>	<u>300,428</u>	<u>14,370,952</u>
Less allowance for uncollectibles:					
Taxes	(704,148)				(704,148)
Accrued interest on taxes	<u>(371,612)</u>				<u>(371,612)</u>
Net Total Receivables	<u>\$ 4,363,703</u>	<u>\$ 8,229,643</u>	<u>\$ 401,418</u>	<u>\$ 300,428</u>	<u>\$ 13,295,192</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 2,066,603	\$
Delinquent property tax interest receivable	1,750,004	
Sewer operating user fees	393,673	
Sewer operating user fees interest	432	
Sewer assessments	4,670	
Sewer assessments interest	2,643	
Advance tax collections		203,224
Grant drawdowns prior to meeting all eligibility requirements		<u>656,931</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 4,218,025</u>	<u>\$ 860,155</u>

## 5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,266,366	\$	\$	\$ 17,266,366
Construction in progress	<u>34,127,541</u>	<u>6,215,316</u>	<u>(1,033,394)</u>	<u>39,309,463</u>
Total capital assets not being depreciated	<u>51,393,907</u>	<u>6,215,316</u>	<u>(1,033,394)</u>	<u>56,575,829</u>
Capital assets being depreciated:				
Buildings	127,526,310			127,526,310
Improvements other than buildings	19,622,081	293,812		19,915,893
Furniture and equipment	15,497,662	1,319,283	(637,115)	16,179,830
Infrastructure	<u>94,946,710</u>	<u>2,122,481</u>		<u>97,069,191</u>
Total capital assets being depreciated	<u>257,592,763</u>	<u>3,735,576</u>	<u>(637,115)</u>	<u>260,691,224</u>
Less accumulated depreciation for:				
Buildings	(55,755,717)	(1,673,495)		(57,429,212)
Improvements other than buildings	(5,707,283)	(507,266)		(6,214,549)
Furniture and equipment	(9,291,234)	(1,138,486)	611,662	(9,818,058)
Infrastructure	<u>(51,957,610)</u>	<u>(1,540,713)</u>		<u>(53,498,323)</u>
Total accumulated depreciation	<u>(122,711,844)</u>	<u>(4,859,960)</u>	<u>611,662</u>	<u>(126,960,142)</u>
Total capital assets being depreciated, net	<u>134,880,919</u>	<u>(1,124,384)</u>	<u>(25,453)</u>	<u>133,731,082</u>
Governmental Activities Capital Assets, Net	<u>\$ 186,274,826</u>	<u>\$ 5,090,932</u>	<u>\$ (1,058,847)</u>	<u>\$ 190,306,911</u>

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

Governmental activities:	
General Government	\$ 112,665
Public Safety	594,458
Public Works	2,062,179
Culture and recreation	347,872
Human Services	23,510
Education	<u>1,719,276</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,859,960</u>

### Construction Commitments

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

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
South Windsor High School	\$ 212,964	\$ 331,896
Upgrade to three pump stations	1,066,635	430,174
Road Improvement Projects	1,284,560	530,799
Kelly Road Project	398,337	1,567,562
Water Pollution Control Facility	34,586,157	476,646

The commitments are being financed by General Fund appropriations, permanent financing and participation in the State's Clean Water Fund Program.

## 6. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions were processed through the General Fund on behalf of other funds. A summary of interfund balances as of June 30, 2012 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,179,993
Sewer Fund	General Fund	7,650,354
Capital Projects Funds	Sewer Fund	7,292,450
General Fund	Sewer Fund	1,583,815
Internal Service Fund	General Fund	500,000
General Fund	Fiduciary Fund	18,100
Nonmajor Funds	General Fund	1,041,466
		<u>19,266,178</u>
Total		\$ <u>19,266,178</u>

Interfund receivables and payables generally represent temporary balances from reimbursement type transactions.

Interfund transfers:

	<u>Transfers In</u>			<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Internal</u>	<u>Transfers</u>
	<u>Fund</u>	<u>Projects</u>	<u>Service</u>	<u>Out</u>
Transfers out:				
General Fund	\$	\$ 626,605	\$ 500,000	\$ 1,126,605
Sewer Assessment	37,240	50,000		87,240
Nonmajor Governmental	<u>22,973</u>	<u>          </u>	<u>          </u>	<u>22,973</u>
Total Transfers In	\$ <u>60,213</u>	\$ <u>676,605</u>	\$ <u>500,000</u>	\$ <u>1,236,818</u>

Transfers are for regularly reoccurring operational transactions.

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

A schedule of long-term liabilities outstanding at June 30, 2012 is presented below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
Bonds and notes payable	\$ 35,190,939	\$ 17,185,000	\$ (17,884,828)	\$ 34,491,111	\$ 3,237,949
Less deferred amounts on refunding	(700,424)	(1,137,713)	595,194	(1,242,943)	
Premiums	391,634	1,112,007	(152,985)	1,350,656	
	<u>34,882,149</u>	<u>17,159,294</u>	<u>(17,442,619)</u>	<u>34,598,824</u>	<u>3,237,949</u>
Capital leases	866,554	684,547	(228,364)	1,322,737	275,005
Compensated absences	7,272,377	50,268		7,322,645	1,841,605
Note payable	489,185		(417,458)	71,727	35,785
Net OPEB obligation		35,799		35,799	
Net pension obligation	<u>4,185,728</u>	<u>233,780</u>	<u>(259,275)</u>	<u>4,160,233</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 47,695,993</u>	<u>\$ 18,163,688</u>	<u>\$ (18,347,716)</u>	<u>\$ 47,511,965</u>	<u>\$ 5,390,344</u>

Bonds and notes payable at June 30, 2012 comprise the following:

<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>
General Purpose:					
Improvement bond	8/15/2008	2/15/2028	3.5-5.0%	\$ 8,625,000	\$ 400,000
Refunding bond	6/4/2008	3/15/2015	1.85-1.99%	1,486,700	567,000
Refunding bond	5/12/2009	9/1/2018	3.0-5.0%	2,478,000	1,865,000
Improvement bond	2/22/2011	2/15/2031	4.0-5.0%	9,650,000	5,500,000
Refunding bond	3/13/2012		2.0-4.0%	15,185,000	15,185,000
Improvement bond	2/15/2012	2/15/2022	1.0-2.0%	2,000,000	2,000,000
Schools:					
Refunding bond	6/4/2008	3/15/2015	1.85-1.99%	3,823,300	483,000
Improvement bond	2/15/2009	2/15/2024	3.00-5.00%	4,820,000	1,325,000
Refunding bond	5/12/2009	9/1/2018	3.0-5.0%	6,897,000	5,210,000
Sewer:					
Clean Water Note Vernon wastewater treatment plant upgrade	1/1/2002	7/1/2021	2%	800,000	399,323
Clean Water Note Pleasant Valley	12/31/1997	12/31/2016	2%	482,056	124,658
Clean Water Note Submersible pump station	11/30/2005	5/31/2025	2%	402,727	275,505
	12/28/2006	7/1/2026	2%	1,568,029	<u>1,156,625</u>
Total					<u>\$ 34,491,111</u>



The following is a schedule of future debt service requirements as of June 30, 2012:

<b>Fiscal Year Ending</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Debt Service</b>
2013	\$ 3,237,949	\$ 1,017,309	\$ 4,255,258
2014	2,711,136	954,567	3,665,703
2015	3,194,388	847,795	4,042,183
2016	3,247,707	745,152	3,992,859
2017	3,326,535	647,728	3,974,263
2108-2022	9,280,356	2,202,875	11,483,231
2023-2027	6,763,040	830,261	7,593,301
2028-2031	2,730,000	136,163	2,866,163
	<u>\$ 34,491,111</u>	<u>\$ 7,381,850</u>	<u>\$ 41,872,961</u>

Debt service expenditures were funded by the General Fund and the Sewer Operating Fund.

The Town issued general obligation bonds to provide funds for various capital improvement projects. During the year, general obligation bonds totaling \$2,000,000 were issued.

On March 13, 2012, the Town issued \$15,185,000 in general obligations bonds with an interest rate of 2.00-4.00% to partially refund \$7,425,000 of outstanding 2008 bonds with an interest rate of 3.0%-4.5%, \$3,200,000 of 2009 bonds with an interest rate of 2.5-4.0% and \$4,150,000 of 2011 bonds with an interest rate of 4.125-5.0% . This advance refunding was undertaken to reduce total debt service payments over the next 19 years by \$1,272,455 and resulted in a net present value savings of \$971,100. The net proceeds of \$15,912,713 (after receipt of premium of \$909,859 and payment of \$182,146 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the bonds are considered to be defeased. The balance of the defeased bonds outstanding at June 30, 2012 is \$14,775,000, and the amount in escrow is \$15,912,713.

### Legal Debt Limit

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

<b>Category</b>	<b>Debt Limit</b>	<b>Net Indebtedness</b>	<b>Balance</b>
General purpose	\$ 178,501,268	\$ 25,517,000	\$ 152,984,268
Schools	357,002,537	7,018,000	349,984,537
Sewers	297,502,114	50,521,162	246,980,952
Urban renewal	257,835,165		257,835,165
Pension deficit	238,001,691		238,001,691

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$555,337,279.

Authorized and unissued debt is as follows:

	<u>Authorized</u>	<u>Bonds and BANS Issued</u>	<u>Grants</u>	<u>Authorized but Unissued Debt</u>
Water Pollution Control Facility	\$ 47,000,000	\$ 26,621,342	\$ 7,484,949	\$ 12,893,709

### Capital Leases

The Town has entered into lease agreements for the purchase of various data processing equipment and copiers, public works equipment, a voicemail system and a minibus. The annual payments for the agreements are provided for by annual general fund appropriations.

Capital leases that are currently capitalized under the category of machinery and equipment were as follows:

Cost	\$ 4,011,103
Accumulated depreciation	<u>(445,019)</u>
Net Leased Equipment	<u>\$ 3,566,084</u>

The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments at June 30, 2012:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 275,005
2014	267,000
2015	254,048
2016	193,241
2017	193,240
2018-2021	324,121
Less amount representing interest	<u>(183,918)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,322,737</u>

### Clean Water Fund Note Payable

The Town is currently participating in the State of Connecticut Clean Water Fund Loan Program. Currently, the Town has a temporary loan of \$26,621,342 at June 30, 2012. The loan will be permanently financed September 28, 2012. The loan currently bears interest at 2%.

## Bond Anticipation Notes

The Town issued bond anticipation notes on February 21, 2012 maturing on February 20, 2013 for \$9,050,000. The current interest rate on the notes is 2.0% and is recorded as a liability in the Capital Projects Fund. The following is a schedule of bond anticipation note activity for the fiscal year ended June 30, 2012:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance 7/1/2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/2012</u>
South Windsor High							
School Improvements	2/21/2012	2/20/2013	2.00%	\$	1,100,000	\$	1,100,000
Dry Pit Pump Stations Projects	2/21/2012	2/20/2013	2.00%		1,950,000		1,950,000
Dry Pit Pump Stations Projects	2/22/2011	2/21/2012	1.25%	1,950,000		(1,950,000)	-
Storm Alfred Debris							
Management and Removal	2/21/2012	2/20/2013	2.00%		6,000,000		6,000,000
Total			\$	<u>1,950,000</u>	\$	<u>(1,950,000)</u>	<u>9,050,000</u>

## Other Note Payable

The Town currently has a note payable outstanding of \$71,727 for the purchase of land on 765 Sullivan Avenue. The loan requires 36 consecutive monthly payments in the amount of \$36,099 (including interest) until August 1, 2012. The interest rate on the loan is 5.25%.

## 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

### Pension Trust Fund

#### A. Plan Description

The Town is the administrator of two single-employer, defined benefit pension plans, the Town Plan and Board of Education Plan. Plan provisions are established and amended by the Town Council and Board of Education. The first plan includes the following groups of Town employees: management, police union, Town Hall union, highway union, pollution union, library and dispatchers' union. The second plan covers Board of Education management, custodians, secretaries and nurses. The two pension plans are part of the Town's financial reporting entity and are accounted for as pension trust funds. The plans do not issue separate, stand-alone financial reports.

As of January 1, 2011, the plans' membership consisted of:

	<b>Town Plan</b>	<b>Board of Education Plan</b>
Retirees and beneficiaries currently receiving benefits	63	44
Terminated members entitled to benefits but not yet receiving them	14	15
Inactive participants	5	5
Current active members	110	85
Total	192	149

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

### **Basis of Accounting**

The pension trust funds' financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contractual requirements, and investment income is recognized when earned. Expenses (benefits and administration) are recognized when due and payable in accordance with the terms of each plan.

### **Valuation of Investments**

Investments are valued at fair value, based upon quoted market prices. Securities traded on national exchanges are valued at the last reported sales price.

### **Benefit Provisions**

#### **Town Plan**

Employees become eligible to participate in the plan upon completing one year of continuous service, attaining age 21 and agreeing in writing to make required employee contributions. Police officers are 100% vested after completing ten years of continuous service. Highway, dispatchers, pollution union, town hall, management and library employees are 100% vested after completing five years of continuous service.

#### **Board of Education Plan**

Employees become eligible to participate in the plan upon completing one year of continuous service, attaining age 21 and agreeing in writing to make required employee contributions. Employees are 100% vested after completing five years of continuous service.

## **C. Funding Policy**

### **Employer Contributions**

The Town is required to contribute amounts necessary to fund benefits. The Town's contributions to both plans are actuarially determined on an annual basis using the Entry Age Normal Cost Method. For both plans, administrative costs are generally financed through investment earnings.

## **Employee Contributions**

Required employee contribution rates under the Town Plan are 7.75% of covered payroll for police employees and 4.5% for all other employees. Participants in the Board of Education Plan contribute 4.5% of covered payroll.

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

The Town's annual pension cost and net pension obligation to the Town's Retirement System for the current year were as follows:

	<b>Town</b>	<b>Board of Education</b>
Annual required contribution	\$ 1,583,496	\$ 481,339
Interest on net pension obligation	233,779	102,224
Adjustment to annual required contribution	(240,348)	(90,782)
Annual pension cost	1,576,927	492,781
Contributions made	1,343,147	752,056
Increase (decrease) in net pension obligation	233,780	(259,275)
Net Pension Obligation, Beginning of Year	2,922,239	1,263,489
Net Pension Obligation, End of Year	\$ 3,156,019	\$ 1,004,214

The following is a summary of certain significant actuarial assumptions and other PERS information:

	<b>Town</b>	<b>Board of Education</b>
Valuation Date	1/1/2011	1/1/2011
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method	Level Dollar, Open	Level Dollar, Open
Remaining Amortization Period	10 years	10 years
Asset Valuation Method	5 year smoothed Fair Value	5 year smoothed Fair Value
Actuarial Assumptions:		
Investment rate of return	8%	8%
Projected salary increases:		
Merit	2%	2%
Inflation	2%	2%

**E. Trend Information**

<b>Town Pension Plan</b>				
<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/07	\$ 996,876	\$ 606,632	60.7%	\$ 1,276,644
6/30/08	1,102,367	668,914	60.8	1,710,097
6/30/09	1,216,274	826,338	67.9	2,100,033
6/30/10	1,568,913	963,169	61.4	2,705,777
6/30/11	1,494,889	1,278,427	85.5	2,922,239
6/30/12	1,576,927	1,343,147	85.2	3,156,019

<b>Board of Education Plan</b>				
<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/07	\$ 461,135	\$ 457,461	99.2%	\$ 1,378,790
6/30/08	480,621	833,712	173.5	1,025,699
6/30/09	427,013	354,000	82.9	1,098,712
6/30/10	520,295	432,575	83.1	1,186,432
6/30/11	484,390	407,333	84.1	1,263,489
6/30/12	492,781	752,056	152.6	1,004,214

**F. Pension Plan Required Supplementary Information**

**Schedule of Funding Progress**

<b>Town Pension Plan</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
1/1/06	\$ 11,417,364	\$ 17,733,386	\$ (6,316,022)	64.4%	\$ 4,744,942	(133.1)%
1/1/07	12,287,046	19,562,764	(7,275,718)	62.8	4,771,476	(152.5)
1/1/08	13,426,371	21,185,349	(7,758,978)	63.4	4,962,230	(156.4)
1/1/09	12,424,948	23,350,652	(10,925,704)	53.2	5,239,328	(208.5)
1/1/10	14,433,589	24,622,308	(10,188,719)	58.6	5,427,342	(187.7)
1/1/11	15,778,240	26,743,578	(10,965,338)	59.0	5,337,789	(205.4)

### Board of Education

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (a-b)/c)
1/1/06	\$ 5,436,787	\$ 6,813,845	\$ (1,377,058)	79.8%	\$ 2,764,749	(49.8)%
1/1/07	6,076,770	7,114,251	(1,037,481)	85.4	3,232,684	(32.1)
1/1/08	7,209,802	7,697,888	(488,086)	93.7	3,321,753	(14.7)
1/1/09	6,670,839	8,534,681	(1,863,842)	78.2	3,512,067	(53.1)
1/1/10	7,867,409	9,162,890	(1,295,481)	85.8	3,652,821	(35.5)
1/1/11	8,394,835	9,941,840	(1,547,005)	84.4	3,419,019	(45.2)

### Schedule of Employer Contributions

Fiscal Year Ended	Town Pension Plan		Board of Education	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
6/30/07	\$ 998,869	60.7%	\$ 464,398	98.5%
6/30/08	1,105,236	60.5	483,721	172.4
6/30/09	1,220,118	67.7	429,319	82.5
6/30/10	1,573,634	61.2	522,765	82.8
6/30/11	1,500,972	85.2	487,057	80.7
6/30/12	1,583,496	84.8	481,339	156.2

### G. Combining Statements

#### Schedule of Plan Assets

	Town Plan	Board of Education Plan	Total
Assets:			
Investments, at fair value:			
Mutual funds	\$ 15,787,986	\$ 8,454,954	\$ 24,242,940
Accounts receivable	17,836		17,836
Total Investments	\$ <u>15,805,822</u>	\$ <u>8,454,954</u>	\$ <u>24,260,776</u>
Net Assets Held in Trust for Pension Benefits	\$ <u>15,805,822</u>	\$ <u>8,454,954</u>	\$ <u>24,260,776</u>

<b>Schedule of Changes in Plan Net Assets</b>			
	<b>Town Plan</b>	<b>Board of Education Plan</b>	<b>Total</b>
Additions:			
Contributions:			
Employer	\$ 1,343,147	\$ 752,056	\$ 2,095,203
Employee	<u>545,269</u>	<u>188,192</u>	<u>733,461</u>
Total contributions	<u>1,888,416</u>	<u>940,248</u>	<u>2,828,664</u>
Investment income:			
Net investment gains (losses)	(733,804)	(407,912)	(1,141,716)
Interest and dividends	<u>422,719</u>	<u>215,038</u>	<u>637,757</u>
Total investment income	(311,085)	(192,874)	(503,959)
Less investment expenses	<u>26,623</u>	<u>13,345</u>	<u>39,968</u>
Net investment income	<u>(337,708)</u>	<u>(206,219)</u>	<u>(543,927)</u>
Total additions	<u>1,550,708</u>	<u>734,029</u>	<u>2,284,737</u>
Deductions:			
Benefits	1,046,422	423,828	1,470,250
Administration	<u>40,688</u>	<u>21,863</u>	<u>62,551</u>
Total deductions	<u>1,087,110</u>	<u>445,691</u>	<u>1,532,801</u>
Changes in Net Assets	463,598	288,338	751,936
Net Assets - January 1, 2012	<u>15,342,224</u>	<u>8,166,616</u>	<u>23,508,840</u>
Net Assets - December 31, 2012	<u>\$ 15,805,822</u>	<u>\$ 8,454,954</u>	<u>\$ 24,260,776</u>

## **Defined Contribution Plan**

### **A. Plan Description**

The Town is the administrator of a single-employer, defined contribution pension plan, the Town of South Windsor Employee Benefit Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan covers Town nonbargaining unit employees, members of the Police Union hired after July 1, 2005 and members of the Public Works, Community Service officers and Pollution Control unions hired after July 1, 2008.

### **B. Plan Provisions**

Town nonbargaining unit employees, members of the Police Union hired after July 1, 2005 and members of the Public Works, Community Service Officers and Pollution Control Unions hired after July 1, 2008 who have completed a 12-month period of service shall be eligible to participate in the Plan at the beginning of the payroll period next commencing thereafter. There is no minimum age requirement. For Police, Public Works, Community Service Officers and Pollution Control Union members, benefits vest 20% per year, reaching 100% after five years of participation. For Town nonbargaining unit employees, benefits vest 100% upon eligibility of the employee. Plan provisions and the authority to amend the provisions are established by the Town Council.



### **C. Contribution Requirements and Contributions Made**

The employer contribution for members of the Police Union hired after July 1, 2005 and Public Works, Community Service Officers and Pollution Control Unions hired after July 1, 2008 is 6.0% of earnings. The total Town contribution during the year ended June 30, 2012 for these groups was \$28,102 and represented 6.0% of covered payroll. The employees' contributions were \$33,625 and represented the required 6.0% of covered payroll plus any additional contributions up to the IRS allowable maximum. The employer contribution for Town management group employees is 12.07% of earnings. The total Town contribution during the year ended June 30, 2012 for this group was \$311,920 and represented 12.07% of covered payroll. The employees' required contributions were \$116,347 and represented 4.5% of covered payroll. The authority to establish and amend contribution requirements is by the Town Council.

### **D. Employer and Employee Obligations**

Members are required to contribute between 4.5% and 6.0% of their annual earnings. The Town is required to contribute between 6.0% and 12.07% of the members' annual earnings.

### **E. Teachers' Retirement**

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$30,607,380 or 59.5% of the total Board of Education total payroll of \$51,484,736.

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. The Town does not have any liability for teacher pensions. For the year ended June 30, 2012, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$6,285,846 as payments made by the State of Connecticut on behalf of the Town.

The State of Connecticut Teacher 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.

## 9. FUND BALANCE

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 29,687	\$ 29,687
Prepaid items	135,863				135,863
Restricted for:					
Education				5,123	5,123
Public safety				221,498	221,498
Public works				199,650	199,650
Health and welfare				320,720	320,720
Committed to:					
General government				287,819	287,819
Public works		3,005,181	1,092,614		4,097,795
Culture and recreation				260,832	260,832
Education		331,896		175,329	507,225
Assigned to:					
Subsequent year's budget	800,000				800,000
General government	9,413				9,413
Public safety	1,657				1,657
Public works	48,111				48,111
Health and welfare	21,266				21,266
Culture and recreation	34,750				34,750
Education	498,235				498,235
Unassigned	<u>3,504,042</u>	<u>(24,074,575)</u>	<u>                    </u>	<u>(15,360)</u>	<u>(20,585,893)</u>
Total Fund Balances	\$ <u>5,053,337</u>	\$ <u>(20,737,498)</u>	\$ <u>1,092,614</u>	\$ <u>1,485,298</u>	\$ <u>(13,106,249)</u>

Encumbrances of \$613,432 are contained in the above table in the assigned categories of the General Fund and \$29,975 and \$9,270 in the committed category of the Sewer Operating fund and non major governmental funds, respectively.

## 10. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; public official liabilities; police liability; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain the risk for the Town and Board of Education employees' medical claims. This fund is reported as an Internal Service Fund. During the year, deductibles paid by the Town were insignificant. Settled claims have not exceeded insurance in any of the past three years. There were no significant reductions in insurance coverage from amounts held the prior year.

A third party administers the medical insurance plan for which the Town pays a fee. The Town has purchased a stop loss policy for total claims in any one year exceeding an aggregate of 120% of expected claims and for individual claims exceeding \$150,000.

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 is based on the requirements of GASB Statements No. 10 and 30, which require that 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 includes 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 for the medical insurance fund is as follows:

	<b>Claims Payable July 1</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Claims Payable June 30</b>
Medical Insurance Fund:				
2010-2011	\$ 839,500	\$ 13,520,729	\$ 13,526,479	\$ 833,750
2011-2012	833,750	15,635,251	15,480,674	988,327

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

The Town is also a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million per occurrence.

## 11. OTHER POSTEMPLOYMENT BENEFITS

### A. Plan Description

The Town, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The plan is a single-employer plan that covers Police, Town, Teachers, and Board of Education employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The Town does not issue separate stand-alone financial statements for the plan.

At July 1, 2011, plan membership consisted of the following:

Active members	825
Retired members	54
Spouses of retired members	<u>50</u>
Total Participants	<u><u>929</u></u>

## **B. Funding Policy**

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. The Town has established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits, which is reported as a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town have 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. The funding strategy for postemployment obligations are based on the following:

### Teachers and Administrators

- Those individuals retired under the Connecticut State Teachers Retirement system shall be eligible to receive health benefits for self and spouse.
- Earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.
- 100% of premium is paid by retiree.

### Board of Education SWESS (Support Staff), BOE Non-Union, BOE Custodians/Maintenance, BOE Food-Service Staff and BOE Nurses

- A retired member shall be eligible to continue health benefits (medical only for Custodians/Maintenance and Nurses) for self and spouse.
- Retirement date is the later of age 62 or the completion of 10 years of service. Early retirement is the first of any month within 10 years of Normal Retirement Date.
- Nurses must be at least age 55 with 10 years of continuous service as a school nurse.
- 100% of premium is paid by retiree.

### Police

- Completion of 25 years of service or attainment of age 50.
- The Town contributes 75% of the cost of the health insurance for members hired before July 1, 2006. Members hired after July 1, 2006 have the option of continuing medical benefits at their own expense. The retiree shall contribute the remainder of the cost. Coverage is pre-65 only.
- In the event of an employee's death in the line of duty, the Town shall contribute 100% of the health insurance cost coverage for spouse and dependents. Such contribution shall not exceed a period of 12 months.

### Town Hall Union and Non-Bargaining (Management and Library)

- Retired employees with at least 10 years of service shall be eligible to continue health coverage at the Town's group rates.
- Retirement eligibility is age 62 for Town Hall and Management employees and age 65 for the Library.
- 100% of premium is paid by retiree.

Town (Pollution Union, Dispatchers, and Public Works)

- Retired employees with attainment of age 60 may continue health coverage at the Town group rates.
- 100% of premium is paid by retiree.

**Annual OPEB Cost and Net OPEB Obligations**

The Town of South Windsor's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 (asset):

Annual required contribution (ARC)	\$ 700,000
Interest on OPEB obligation	(488)
Adjustment to annual required contribution	<u>391</u>
Annual OPEB cost	699,903
Contributions made	<u>658,000</u>
Increase in net OPEB obligation	41,903
Net OPEB (asset) obligation, beginning of year	<u>(6,104)</u>
Net OPEB (asset) obligation, End of Year	\$ <u><u>35,799</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2012 is presented below. The year of implementation was June 30, 2009:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
6/30/2010	\$ 665,000	\$ 671,000	101%	\$ (6,000)
6/30/2011	699,896	700,000	100	(6,104)
6/30/2012	699,903	658,000	94	35,799

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 the 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 following schedule of funding progress 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.

### Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
7/1/2007	\$ -	\$ 5,569,000	\$ 5,569,000	0.0%	N/A	N/A
7/1/2009	-	5,906,000	5,906,000	0.0	N/A	N/A
7/1/2011	\$488,000	8,021,000	7,533,000	0.0	N/A	N/A

### Schedule of Employer Contributions

<b>Fiscal Year</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/2010	\$ 665,000	101%
6/30/2011	700,000	100%
6/30/2012	700,000	94%

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 cost 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 with level percentage amortization over 25 years for police and 30 years for all other employees. The actuarial assumptions include a 4.0% 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.

## 12. CONTINGENT LIABILITIES

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by counsel to be likely to result in a judgment or judgments that would materially affect the Town's financial position.

## TOWN OF SOUTH WINDSOR, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Property Taxes:				
Current taxes	\$ 77,827,824	\$ 77,827,824	\$ 77,229,989	\$ (597,835)
Delinquent taxes	475,000	475,000	1,128,124	653,124
Supplemental motor vehicles	485,000	485,000	533,540	48,540
Interest	300,000	300,000	578,874	278,874
Liens	4,000	4,000	6,966	2,966
Housing authority - PILOT (in lieu of taxes)	20,000	20,000	23,594	3,594
Telephone access relief	60,000	60,000	51,630	(8,370)
Total property taxes	<u>79,171,824</u>	<u>79,171,824</u>	<u>79,552,717</u>	<u>380,893</u>
Intergovernmental:				
State assistance - education:				
School building grants	313,043	313,043	313,043	-
Education equalization	12,995,988	12,995,988	12,750,755	(245,233)
Other assistance:				
FEMA Reimbursements			114,840	114,840
Elderly tax freeze	3,000	3,000	3,784	784
State in lieu of taxes	66,830	66,830	51,984	(14,846)
DOT Elderly Transportation			22,759	22,759
Elderly tax relief	125,300	125,300	149,231	23,931
State sundry grants	25,000	25,000	35,797	10,797
Youth service grants	20,000	20,000	22,589	2,589
Manufacturer's equipment and machinery	1,084,232	1,084,232	790,934	(293,298)
Veterans' exemption	16,000	16,000	14,200	(1,800)
Total intergovernmental	<u>14,649,393</u>	<u>14,649,393</u>	<u>14,269,916</u>	<u>(379,477)</u>
Charges for services:				
Building permits	500,000	500,000	802,135	302,135
Town Manager's rents	18,300	18,300	16,082	(2,218)
Probate court rentals			5,079	5,079
Town Clerk fees	410,000	410,000	424,788	14,788
Planning and zoning fees	5,000	5,000	10,287	5,287
General government sundry	75,000	75,000	164,168	89,168
Police	26,000	26,000	25,909	(91)
Educational rentals	10,000	10,000		(10,000)
Engineering permits	2,000	2,000	4,920	2,920
Zoning board of appeals	2,000	2,000	1,690	(310)
Refuse and recycling	143,270	143,270	77,904	(65,366)
Fire Marshal fees	50,000	50,000	72,515	22,515
Total charges for services	<u>1,241,570</u>	<u>1,241,570</u>	<u>1,605,477</u>	<u>363,907</u>
Investment Earnings	<u>125,000</u>	<u>125,000</u>	<u>38,575</u>	<u>(86,425)</u>
Other revenues:				
Cancellation of prior year encumbrances			142,059	142,059
Total revenues	<u>95,187,787</u>	<u>95,187,787</u>	<u>95,608,744</u>	<u>420,957</u>

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## TOWN OF SOUTH WINDSOR, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Other Financing Sources:				
Transfers in:				
Sewer Operating	\$ 37,240	\$ 37,240	\$ 37,240	\$ -
Library funds	<u>25,000</u>	<u>25,000</u>	<u>22,973</u>	<u>(2,027)</u>
Total other financing sources	<u>62,240</u>	<u>62,240</u>	<u>60,213</u>	<u>(2,027)</u>
Total Revenues and Other Financing Sources	<u>\$ 95,250,027</u>	<u>\$ 95,250,027</u>	95,668,957	<u>\$ 418,930</u>
Budgetary revenues are different from GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(142,059)	
Contribution from recreation fund not budgeted as revenue				
State on-behalf payments			6,285,846	
Premium on bonds			<u>202,148</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>\$ 102,014,892</u>	



## TOWN OF SOUTH WINDSOR, CONNECTICUT

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
General Government:				
Legislative:				
Town Council	\$ 216,889	\$ 204,232	\$ 196,995	\$ 7,237
Boards and Commissions:				
Human relations commission	2,500	2,500	2,275	225
Historic district commission	1,000	1,000	292	708
Public building commission	520	520	0	520
South Windsor redevelopment	1,000	1,000	60	940
Inland/wetlands - conservation	5,525	5,525	2,966	2,559
Land preservation advisory	300	300	15	285
Open space task force	500	500	336	164
Park and recreation commission	4,500	4,500	2,656	1,844
Planning and zoning	7,250	7,860	7,678	182
Zoning board of appeals	2,500	3,227	3,227	-
Economic development coordinator	4,500	4,500	2,421	2,079
Total boards and commissions	<u>30,095</u>	<u>31,432</u>	<u>21,926</u>	<u>9,506</u>
Judicial:				
Probate court	<u>11,277</u>	<u>8,698</u>	<u>8,698</u>	<u>-</u>
Elections:				
Registrar of voters	<u>140,571</u>	<u>140,571</u>	<u>139,326</u>	<u>1,245</u>
Executive:				
Town manager	285,292	278,701	277,520	1,181
Human resources	76,069	76,069	69,862	6,207
Total executive	<u>361,361</u>	<u>354,770</u>	<u>347,382</u>	<u>7,388</u>
Community Development:				
Planning department	217,931	211,305	211,144	161
Building department	205,667	186,667	184,978	1,689
Total community development	<u>423,598</u>	<u>397,972</u>	<u>396,122</u>	<u>1,850</u>
Finance:				
Assessor	272,465	263,715	261,471	2,244
Collector of revenue	202,750	203,904	203,903	1
Finance office	330,984	330,984	329,018	1,966
Total finance	<u>806,199</u>	<u>798,603</u>	<u>794,392</u>	<u>4,211</u>
Recording and Reporting:				
Town clerk	<u>211,020</u>	<u>205,374</u>	<u>201,407</u>	<u>3,967</u>
Law:				
Town attorney	<u>175,000</u>	<u>180,487</u>	<u>180,486</u>	<u>1</u>
Central Services:				
Town Hall	291,809	279,122	270,569	8,553
Information technology	513,210	458,049	456,275	1,774
Total quality management implementation	1,500	1,500		1,500
Media	19,640	19,640	15,479	4,161
Total central services	<u>826,159</u>	<u>758,311</u>	<u>742,323</u>	<u>15,988</u>
Total general government	<u>3,202,169</u>	<u>3,080,450</u>	<u>3,029,057</u>	<u>51,393</u>

(Continued on next page)

## TOWN OF SOUTH WINDSOR, CONNECTICUT

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Public Safety:				
Police Protection:				
Police administration	\$ 384,362	\$ 419,591	\$ 419,001	\$ 590
Operations	3,147,866	3,134,108	3,134,108	
Support services	1,756,134	1,712,251	1,712,250	1
Community services	154,864	141,669	141,669	
Total police protection	<u>5,443,226</u>	<u>5,407,619</u>	<u>5,407,028</u>	<u>591</u>
Fire Protection:				
Fire marshal	142,496	130,037	129,088	949
Volunteer fire department	690,462	690,462	690,462	-
Hydrants and water lines	725,000	708,422	708,421	1
Total fire protection	<u>1,557,958</u>	<u>1,528,921</u>	<u>1,527,971</u>	<u>950</u>
Other protection:				
Street lights	<u>409,500</u>	<u>395,765</u>	<u>394,110</u>	<u>1,655</u>
Total public safety	<u>7,410,684</u>	<u>7,332,305</u>	<u>7,329,109</u>	<u>3,196</u>
Public Works:				
Administration:				
Management	<u>135,533</u>	<u>135,533</u>	<u>134,891</u>	<u>642</u>
Engineering:				
Technical support	<u>380,445</u>	<u>380,444</u>	<u>380,228</u>	<u>216</u>
Street Services:				
Highway maintenance	2,225,366	2,011,248	2,007,448	3,800
Fleet services	806,612	780,822	780,819	3
Total street services	<u>3,031,978</u>	<u>2,792,070</u>	<u>2,788,267</u>	<u>3,803</u>
Public Buildings:				
Building maintenance	<u>1,271,113</u>	<u>1,215,319</u>	<u>1,203,236</u>	<u>12,083</u>
Pollution Control:				
Refuse and recycling	<u>1,930,688</u>	<u>2,032,871</u>	<u>2,032,865</u>	<u>6</u>
Total public works	<u>6,749,757</u>	<u>6,556,237</u>	<u>6,539,487</u>	<u>16,750</u>
Human Services:				
Conservation of Health:				
Environmental health	96,145	126,704	125,173	1,531
Visiting nurse community care	17,825	10,668	10,667	1
Total conservation of health	<u>113,970</u>	<u>137,372</u>	<u>135,840</u>	<u>1,532</u>
Human service programs:				
Administration	181,832	201,805	201,443	362
Youth and family services	253,256	230,121	229,774	347
Adult and senior services	327,553	309,718	308,133	1,585
Mini-bus service	54,175	65,980	65,978	2
Sheltered workshops	4,624	4,624	4,624	-
Total human services programs	<u>821,440</u>	<u>812,248</u>	<u>809,952</u>	<u>2,296</u>
Total human services	<u>935,410</u>	<u>949,620</u>	<u>945,792</u>	<u>3,828</u>

(Continued on next page)

## TOWN OF SOUTH WINDSOR, CONNECTICUT

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Culture and Recreation:				
Recreation administration	\$ 1,601,506	\$ 1,648,403	\$ 1,645,227	\$ 3,176
Library	996,000	996,000	994,264	1,736
Total culture and recreation	<u>2,597,506</u>	<u>2,644,403</u>	<u>2,639,491</u>	<u>4,912</u>
Education	<u>64,000,027</u>	<u>64,000,027</u>	<u>64,000,027</u>	<u>-</u>
Insurance and benefits:				
Municipal insurance:				
Insurance - casualty	<u>228,659</u>	<u>220,911</u>	<u>220,911</u>	<u>-</u>
Pension Contributions:				
Pension	1,546,031	1,528,120	1,528,120	-
Social security	910,500	880,948	880,947	1
Total pension contributions	<u>2,456,531</u>	<u>2,409,068</u>	<u>2,409,067</u>	<u>1</u>
Health and life insurance	<u>2,315,554</u>	<u>2,797,729</u>	<u>2,797,729</u>	<u>-</u>
Workers' compensation	<u>390,734</u>	<u>330,191</u>	<u>330,191</u>	<u>-</u>
Unemployment compensation	<u>15,000</u>	<u>43,966</u>	<u>43,966</u>	<u>-</u>
Contingency	<u>20,000</u>			<u>-</u>
Total insurance and benefits	<u>5,426,478</u>	<u>5,801,865</u>	<u>5,801,864</u>	<u>1</u>
Other:				
Contingency	150,000	15,000	15,000	-
South Windsor patriotic commission	13,500	13,500	13,192	308
Cemeteries	3,000	13,680	13,680	-
Wood Memorial Library	7,500	7,500	7,500	-
Total other	<u>174,000</u>	<u>49,680</u>	<u>49,372</u>	<u>308</u>
Debt Service:				
Principal	2,955,000	2,955,000	2,955,000	-
Interest	1,822,391	1,903,835	1,903,835	-
Total debt service	<u>4,777,391</u>	<u>4,858,835</u>	<u>4,858,835</u>	<u>-</u>
Total expenditures	95,273,422	95,273,422	95,193,034	80,388
Other Financing Uses:				
Transfer out	<u>1,126,605</u>	<u>1,126,605</u>	<u>1,126,605</u>	<u>-</u>
Total	<u>\$ 96,400,027</u>	<u>\$ 96,400,027</u>	96,319,639	<u>\$ 80,388</u>

Budgetary expenditures are different from GAAP expenditures because:

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

Contribution from the recreation fund not budgeted

685,003

Accrued Payroll not budgeted

46,012

State on-behalf payments

6,285,846

Bond issuance costs

2,179

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

\$ 103,338,679

## TOWN OF SOUTH WINDSOR, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Charges for services	\$ 2,933,256	\$ 2,933,256	\$ 3,702,170	\$ 768,914
Investment income	7,800	7,800	344	(7,456)
Miscellaneous	23,000	23,000	6,325	(16,675)
Total revenues	<u>2,964,056</u>	<u>2,964,056</u>	<u>3,708,839</u>	<u>744,783</u>
Expenditures:				
Full time salaries	753,929	741,489	741,489	-
Overtime	89,225	124,930	124,930	-
Longevity	1,820	1,263	1,263	-
Employee benefits	461,254	467,764	467,764	-
Office supplies	1,000	728	728	-
Operating material	93,000	59,272	59,272	-
Motor vehicle supplies	17,300	23,706	23,706	-
Uniforms and clothing	6,450	7,003	7,003	-
Fleet and equipment repair	77,150	63,647	63,647	-
Professional	203,550	246,907	246,907	-
Rental and leases	4,520	6,125	6,125	-
Utilities	350,200	402,264	462,590	(60,326)
Maintenance contracts	105,200	136,014	136,014	-
Repair and maintenance equipment	13,625	7,107	7,107	-
Fees and memberships	1,395			-
Recruitment and training	7,230	4,164	4,164	-
Other purchase services	493,500	396,597	396,597	-
Office equipment	1,600			-
Department equipment	7,000			-
Boards and Commissions - Office supplies	100	32	32	-
Boards and Commissions - Advertising	600	638	638	-
Debt service	195,630	195,629	195,629	-
Total expenditures	<u>2,885,278</u>	<u>2,885,279</u>	<u>2,945,605</u>	<u>(60,326)</u>
Excess of Revenues over Expenditures	78,778	78,777	763,234	684,457
Other Financing Uses:				
Transfers out	<u>(87,240)</u>	<u>(87,240)</u>	<u>(87,240)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (8,462)</u>	<u>\$ (8,463)</u>	675,994	<u>\$ 684,457</u>
Fund Balance - July 1, 2011			<u>391,662</u>	
Fund Balance - June 30, 2012			<u>\$ 1,067,656</u>	
<u>Reconciliation to GAAP Basis</u>				
	<u>Revenues</u>	<u>Expenditures</u>		
Balance, Budgetary Basis - June 30, 2012	\$ 3,708,839	\$ 2,945,605		
Encumbrances outstanding at June 30, 2011 liquidated and cancelled during the year ended June 30, 2012	(6,325)	643		
Accrued payroll not budgeted		5,017		
Encumbrances charged to budgetary expenditures during the year ended June 30, 2012		(29,975)		
Balance, GAAP Basis - June 30, 2011	<u>\$ 3,702,514</u>	<u>\$ 2,921,290</u>		

## TOWN OF SOUTH WINDSOR, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,258,957	\$ 14,793,440
Property taxes receivable (net of allowance of \$704,158 and \$720,754, respectively)	2,357,383	2,412,957
Intergovernmental	123,439	517,024
Other accounts receivable	1,882,881	1,807,904
Due from other funds	2,781,908	1,120,229
Prepaid items	<u>135,863</u>	<u>4,836</u>
Total Assets	<u>\$ 20,540,431</u>	<u>\$ 20,656,390</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,274,886	\$ 1,449,642
Due to other funds	9,191,820	8,400,285
Deferred revenues	<u>4,020,388</u>	<u>4,429,339</u>
Total liabilities	<u>15,487,094</u>	<u>14,279,266</u>
Fund balance:		
Nonspendable	135,863	4,836
Assigned	1,413,432	2,940,494
Unassigned	<u>3,504,042</u>	<u>3,431,794</u>
Total fund balance	<u>5,053,337</u>	<u>6,377,124</u>
Total Liabilities and Fund Balance	<u>\$ 20,540,431</u>	<u>\$ 20,656,390</u>

## TOWN OF SOUTH WINDSOR, CONNECTICUT

## SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

FOR THE YEAR ENDED JUNE 30, 2012

Grand List	Uncollected Taxes		Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2012
	July 1, 2011		Additions	Deductions			Taxes	Interest	Total	
52	2010	\$ 79,355,912	\$ 429,692	\$ 988,743	\$	\$ 78,796,861	\$ 77,752,911	\$ 153,989	\$ 77,906,900	\$ 1,043,950
	2009	978,892	6,906	65,741		920,057	534,538	103,816	638,354	385,519
	2008	528,895	1,412	2,613		527,694	196,419	59,611	256,030	331,275
	2007	361,350	499	639		361,210	148,425	33,002	181,427	212,785
	2006	285,149	954	1,384		284,719	107,570	212,286	319,856	177,149
	2005	160,397	6,258	7,385		159,270	4,636	5,406	10,042	154,634
	2004	81,834	946	941		81,839	95	1,360	1,455	81,744
	2003	79,492	141	141		79,492	371	2,768	3,139	79,121
	2002	75,882	8,768	8,768		75,882	542	3,189	3,731	75,340
	2001	85,213	305	305		85,213	51	1,827	1,878	85,162
	2000	79,968				79,968		598	598	79,968
	1999	141,374	996	1,307		141,063	204	6,883	7,087	140,859
	1998	82,688	9,359	9,605		82,442	295	1,105	1,400	82,147
	1997	68,641				68,641			-	68,641
	1996	63,237				63,237			-	63,237
	1995	60,699		60,699		-			-	-
		\$ 82,489,623	\$ 466,236	\$ 1,148,271	\$ -	\$ 81,807,588	\$ 78,746,057	\$ 585,840	79,331,897	\$ 3,061,531

Property taxes receivable considered available:

June 30, 2011

(145,183)

June 30, 2012

290,780

Total Property Tax Revenue

\$ 79,477,494

## TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	Special Revenue Funds						
	Town Aid Road	Animal Control	Town Hall Grants	Public Works Funds	Police Funds	Fees in Lieu of Open Space	Library
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	1,312	\$	87,869
Investments							55,274
Receivables:							
Accounts receivable							
Grants and contracts receivable							
Due from other funds	210,815		47,849	143,410	220,186	261,319	
Other assets							
Total Assets	\$ 210,815	\$ -	\$ 47,849	\$ 143,410	\$ 221,498	\$ 261,319	\$ 143,143
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 11,165	\$ 12,654	\$ 1,000	\$	\$	\$	\$
Due to other funds		2,706					
Unearned/deferred revenue							
Total liabilities	11,165	15,360	1,000	-	-	-	-
Fund Balances:							
Nonspendable							
Restricted	199,650		46,849	143,410	221,498		
Committed						261,319	143,143
Unassigned		(15,360)					
Total fund balances	199,650	(15,360)	46,849	143,410	221,498	261,319	143,143
Total Liabilities and Fund Balances	\$ 210,815	\$ -	\$ 47,849	\$ 143,410	\$ 221,498	\$ 261,319	\$ 143,143

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## TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	Special Revenue Funds					
	Recreation	BOE	Education Grants	Cafeteria	BOE Accommodation	High School Athletic Association
<b>ASSETS</b>						
Cash and cash equivalents	\$ 883,363	\$ 88,288	\$ 793,921	\$ 164,160	\$ 91,389	\$
Investments						
Receivables:						
Accounts receivable					7,143	
Grants and contracts receivable			119,633	73,992		
Due from other funds						34,256
Other assets				29,687		
Total Assets	<u>\$ 883,363</u>	<u>\$ 88,288</u>	<u>\$ 913,554</u>	<u>\$ 267,839</u>	<u>\$ 98,532</u>	<u>\$ 34,256</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 81	\$	\$ 99,131	\$	\$	\$
Due to other funds	269,955	45,440	795,788	130,979		
Unearned/deferred revenue	495,638		13,512	43,273	103,951	
Total liabilities	<u>765,674</u>	<u>45,440</u>	<u>908,431</u>	<u>174,252</u>	<u>103,951</u>	<u>-</u>
Fund Balances:						
Nonspendable				29,687		
Restricted			5,123			
Committed	117,689	42,848		63,900	(5,419)	34,256
Unassigned						
Total fund balances	<u>117,689</u>	<u>42,848</u>	<u>5,123</u>	<u>93,587</u>	<u>(5,419)</u>	<u>34,256</u>
Total Liabilities and Fund Balances	<u>\$ 883,363</u>	<u>\$ 88,288</u>	<u>\$ 913,554</u>	<u>\$ 267,839</u>	<u>\$ 98,532</u>	<u>\$ 34,256</u>

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## TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Human Services Fund	Community Use of Buildings	Juvenile Fire Safety Fund	Lead Poison Prevention	IT Reserve Fund	Interfund Eliminations	
<b>ASSETS</b>							
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$ 2,110,302
Investments							55,274
Receivables:							
Accounts receivable		13,775					20,918
Grants and contracts receivable							193,625
Due from other funds	128,625	31,517		1,864	26,500	(64,875)	1,041,466
Other assets							29,687
Total Assets	\$ 128,625	\$ 45,292	\$ -	\$ 1,864	\$ 26,500	\$ (64,875)	\$ 3,451,272
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 28	\$ 5,548	\$	\$	\$	\$	\$ 129,607
Due to other funds						(64,875)	1,179,993
Unearned/deferred revenue							656,374
Total liabilities	28	5,548		-		(64,875)	1,965,974
Fund Balances:							
Nonspendable							29,687
Restricted	128,597			1,864			746,991
Committed		39,744			26,500		723,980
Unassigned							(15,360)
Total fund balances	128,597	39,744	-	1,864	26,500	-	1,485,298
Total Liabilities and Fund Balances	\$ 128,625	\$ 45,292	\$ -	\$ 1,864	\$ 26,500	\$ (64,875)	\$ 3,451,272

## TOWN OF SOUTH WINDSOR, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

		Special Revenue Funds					
	Town Aid Road	Animal Control	Town Hall Grants	Public Works Funds	Police	Fees in Lieu of Open Space	Library
Revenues:							
Intergovernmental	\$ 194,385	\$	\$ 16,048	\$	\$ 17,449	\$	\$ 18,818
Charges for services and assessments		24,211			175,405		22,878
Investment earnings					3		3,016
Miscellaneous				35,512			21,603
Total revenues	<u>194,385</u>	<u>24,211</u>	<u>16,048</u>	<u>35,512</u>	<u>192,857</u>	<u>-</u>	<u>66,315</u>
Expenditures:							
Current:							
General government							
Public safety		13,419			63,307		
Public works	256,181		6,000	18,518			
Human services							
Culture and recreation							37,914
Education							
Total expenditures	<u>256,181</u>	<u>13,419</u>	<u>6,000</u>	<u>18,518</u>	<u>63,307</u>	<u>-</u>	<u>37,914</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(61,796)</u>	<u>10,792</u>	<u>10,048</u>	<u>16,994</u>	<u>129,550</u>	<u>-</u>	<u>28,401</u>
Other Financing Uses:							
Transfer out							(22,973)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,973)</u>
Net Change in Fund Balance	(61,796)	10,792	10,048	16,994	129,550	-	5,428
Fund Balances at Beginning of Year	<u>261,446</u>	<u>(26,152)</u>	<u>36,801</u>	<u>126,416</u>	<u>91,948</u>	<u>261,319</u>	<u>137,715</u>
Fund Balances at End of Year	<u>\$ 199,650</u>	<u>\$ (15,360)</u>	<u>\$ 46,849</u>	<u>\$ 143,410</u>	<u>\$ 221,498</u>	<u>\$ 261,319</u>	<u>\$ 143,143</u>

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## TOWN OF SOUTH WINDSOR, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds						
	Recreation	BOE	Education Grants	Cafeteria	BOE Accommodations	High School Athletics Association	Human Services Fund
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$
Charges for services and assessments	1,561,048	95,472	3,581,505	349,391	1,301,987	1,056,607	58,836
Investment earnings	281						
Miscellaneous							66,825
Total revenues	1,561,329	95,472	3,581,505	1,651,378	1,056,607	58,836	195,665
Expenditures:							
Current:							
General government							1,000
Public safety							
Public works							
Human services							169,560
Culture and recreation	1,557,969						1,342
Education		93,096	3,581,410	1,748,484	1,097,911	64,197	
Total expenditures	1,557,969	93,096	3,581,410	1,748,484	1,097,911	64,197	171,902
Excess (Deficiency) of Revenues over Expenditures	3,360	2,376	95	(97,106)	(41,304)	(5,361)	23,763
Other Financing Uses:							
Transfer out							
Total other financing uses	-	-	-	-	-	-	-
Net Change in Fund Balance	3,360	2,376	95	(97,106)	(41,304)	(5,361)	23,763
Fund Balances at Beginning of Year	114,329	40,472	5,028	190,693	35,885	39,617	104,834
Fund Balances at End of Year	\$ 117,689	\$ 42,848	\$ 5,123	\$ 93,587	\$ (5,419)	\$ 34,256	\$ 128,597

(Continued on next page)

## TOWN OF SOUTH WINDSOR, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

		Special Revenue Funds					Total Nonmajor Governmental Funds
		Community Use of Buildings	Juvenile Fire Safety Fund	Lead Poison Prevention	IT Reserve Fund	Interfund Eliminations	
Revenues:							
Intergovernmental	\$		\$	2,703	\$		\$ 4,214,711
Charges for services and assessments		86,521					4,477,393
Investment earnings							3,300
Miscellaneous					31,075		155,015
Total revenues		<u>86,521</u>	<u>-</u>	<u>2,703</u>	<u>31,075</u>	<u>-</u>	<u>8,850,419</u>
Expenditures:							
Current:							
General government					4,575		5,575
Public safety			266				76,992
Public works				839			281,538
Human services							169,560
Culture and recreation							1,597,225
Education		84,041					6,669,139
Total expenditures		<u>84,041</u>	<u>266</u>	<u>839</u>	<u>4,575</u>	<u>-</u>	<u>8,800,029</u>
Excess (Deficiency) of Revenues over Expenditures		<u>2,480</u>	<u>(266)</u>	<u>1,864</u>	<u>26,500</u>	<u>-</u>	<u>50,390</u>
Other Financing Uses:							
Transfer out							(22,973)
Total other financing uses		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,973)</u>
Net Change in Fund Balance		2,480	(266)	1,864	26,500		27,417
Fund Balances at Beginning of Year		<u>37,264</u>	<u>266</u>				<u>1,457,881</u>
Fund Balances at End of Year	\$	<u>39,744</u>	<u>-</u>	<u>1,864</u>	<u>26,500</u>	<u>-</u>	<u>\$ 1,485,298</u>

## TOWN OF SOUTH WINDSOR, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL - BUDGETARY BASIS - RECREATION FUND**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Charges for services:				
Day camp	\$ 370,284	\$ 370,284	\$ 386,164	\$ 15,880
Veterans' memorial park	283,915	283,915	273,235	(10,680)
4th R Revenue	682,350	682,350	505,092	(177,258)
Outdoor	33,297	33,297	26,760	(6,537)
Indoor	176,390	176,390	195,022	18,632
Social/cultural	154,775	154,775	142,565	(12,210)
Recreation facilities	31,825	31,825	32,210	385
Miscellaneous			9,976	9,976
Total revenues	<u>1,732,836</u>	<u>1,732,836</u>	<u>1,571,305</u>	<u>(161,531)</u>
Expenditures:				
Current:				
Day camp	368,605	399,499	406,444	(6,945)
4th R Personal Services	678,984	621,789	446,273	175,516
Veterans' memorial park	318,181	318,510	272,668	45,842
Outdoor	39,841	39,512	36,392	3,120
Indoor	181,901	208,201	208,155	46
Social/cultural	164,578	164,578	155,771	8,807
Recreation facilities	47,002	47,002	39,226	7,776
Contingency	30,000	30,000		30,000
Total expenditures	<u>1,829,092</u>	<u>1,829,091</u>	<u>1,564,929</u>	<u>264,162</u>
Excess (Deficiency) of Revenues over Expenditures	(96,256)	(96,255)	6,376	102,631
Other Financing Uses:				
Transfers out	<u>-</u>	<u>-</u>		<u>-</u>
Net Change in Fund Balance	<u>\$ (96,256)</u>	<u>\$ (96,255)</u>	6,376	<u>\$ 102,631</u>
Fund Balance - June 30, 2011			<u>102,043</u>	
Fund Balance - June 30, 2012			<u>\$ 108,419</u>	

Reconciliation to GAAP Basis

	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis - June 30, 2012	\$ 1,571,305	\$ 1,564,929
Encumbrances outstanding at June 30, 2011 liquidated and cancelled during the year ended June 30, 2012	(9,976)	2,310
Encumbrances charged to budgetary expenditures during the year ended June 30, 2012		<u>(9,270)</u>
Balance, GAAP Basis - June 30, 2012	<u>\$ 1,561,329</u>	<u>\$ 1,557,969</u>

## TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

JUNE 30, 2012

	<u>Student Activities</u>	<u>Performance Bonds</u>	<u>Total Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 411,127	\$ 597,064	\$ 1,008,191
Accounts receivable	<u>991</u>	<u></u>	<u>991</u>
Total assets	<u>\$ 412,118</u>	<u>\$ 597,064</u>	<u>\$ 1,009,182</u>
Liabilities:			
Accounts payable	\$ 550	\$	\$ 550
Due to others	<u>411,568</u>	<u>597,064</u>	<u>1,008,632</u>
Total liabilities	<u>\$ 412,118</u>	<u>\$ 597,064</u>	<u>\$ 1,009,182</u>

## TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>School Activities Fund</b>				
Assets:				
Cash and cash equivalents	\$ 357,880	\$ 939,804	\$ 886,557	\$ 411,127
Accounts receivable	-	991		991
Due from other funds	<u>3,500</u>		<u>3,500</u>	<u>-</u>
Total assets	<u>\$ 361,380</u>	<u>\$ 940,795</u>	<u>\$ 890,057</u>	<u>\$ 412,118</u>
Liabilities:				
Accounts payable	\$ -	\$ 550		\$ 550
Due to others	<u>361,380</u>	<u>940,245</u>	<u>890,057</u>	<u>411,568</u>
Total liabilities	<u>\$ 361,380</u>	<u>\$ 940,795</u>	<u>\$ 890,057</u>	<u>\$ 412,118</u>
<b>Performance Bond Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ 505,087</u>	<u>\$ 231,355</u>	<u>\$ 139,378</u>	<u>\$ 597,064</u>
Liabilities:				
Due to others	<u>\$ 505,087</u>	<u>\$ 231,355</u>	<u>\$ 139,378</u>	<u>\$ 597,064</u>
<b>Total All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 862,967	\$ 1,171,159	\$ 1,025,935	\$ 1,008,191
Accounts receivable	-	991		991
Due from other funds	<u>3,500</u>		<u>3,500</u>	<u>-</u>
Total assets	<u>\$ 866,467</u>	<u>\$ 1,172,150</u>	<u>\$ 1,029,435</u>	<u>\$ 1,009,182</u>
Liabilities:				
Accounts payable	\$ -	\$ 550		\$ 550
Due to other groups	<u>866,467</u>	<u>1,171,600</u>	<u>1,029,435</u>	<u>1,008,632</u>
Total liabilities	<u>\$ 866,467</u>	<u>\$ 1,172,150</u>	<u>\$ 1,029,435</u>	<u>\$ 1,009,182</u>

## TOWN OF SOUTH WINDSOR, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

FOR THE YEAR ENDED JUNE 30, 2012

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2012	\$ 79,331,897
Tax relief for the elderly	<u>2,000</u>
BASE	<u><u>\$ 79,333,897</u></u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 178,501,268	\$	\$	\$	\$
4-1/2 times base		357,002,537			
3-3/4 times base			297,502,114		
3-1/4 times base				257,835,165	
3 times base					238,001,691
Total debt limitation	<u>178,501,268</u>	<u>357,002,537</u>	<u>297,502,114</u>	<u>257,835,165</u>	<u>238,001,691</u>
Indebtedness:					
Bonds and notes payable	25,517,000	7,018,000	1,956,111		
CWF short term notes			35,671,342		
Authorized, unissued bonds			12,893,709		
Total indebtedness	<u>25,517,000</u>	<u>7,018,000</u>	<u>50,521,162</u>	<u>-</u>	<u>-</u>
Less amounts to be provided by the state and other					
Net indebtedness	<u>25,517,000</u>	<u>7,018,000</u>	<u>50,521,162</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 152,984,268</u></u>	<u><u>\$ 349,984,537</u></u>	<u><u>\$ 246,980,952</u></u>	<u><u>\$ 257,835,165</u></u>	<u><u>\$ 238,001,691</u></u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$555,337,279).