

TOWN OF SOUTH WINDSOR, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2013

TOWN OF SOUTH WINDSOR, CONNECTICUT

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Independent Auditors' Report

To the Town Council
Town of South Windsor, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the General Fund and Sewer Operating fund budgetary comparison information on pages 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013 on our consideration of the Town of South Windsor, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of South Windsor, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 11, 2013

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

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, 2013. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

Financial Highlights

- Net position of our governmental activities decreased by \$2,491,418, or approximately 1.8%.
- During the year, the Town had expenses that were \$2,491,418 more than the \$119,223,947 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$121,715,365 with no new programs added this year.
- The General Fund reported a fund balance this year of \$6,676,726.
- 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 position 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 position 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 position and changes in them. The Town's net position, 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 position 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 position 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 position 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 position 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 position and changes in fiduciary net position. 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 position changed from a year ago, decreasing from \$135,750,247 to \$133,258,829. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1
NET POSITION**

	Governmental Activities	
	2013	2012
Current assets	\$ 31,824,454	\$ 33,816,010
Capital assets, net of accumulated depreciation	187,377,289	190,306,911
Total assets	<u>219,201,743</u>	<u>224,122,921</u>
Long-term liabilities outstanding	14,804,313	40,860,709
Other liabilities	71,138,601	47,511,965
Total liabilities	<u>85,942,914</u>	<u>88,372,674</u>
Net Position:		
Net investment in capital assets	117,808,001	118,642,281
Unrestricted	<u>15,450,828</u>	<u>17,107,966</u>
Total Net Position	<u>\$ 133,258,829</u>	<u>\$ 135,750,247</u>

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased by \$1,657,138 at June 30, 2013.

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 10,494,292	\$ 9,606,048
Operating grants and contributions	23,496,710	24,004,841
Capital grants and contributions	1,943,166	9,009,790
General revenues:		
Property taxes	81,643,855	79,389,621
Grants and contributions not restricted to specific purposes	1,515,179	1,032,892
Unrestricted investment earnings	130,745	117,606
Other general revenues		3,689
Total revenues	<u>119,223,947</u>	<u>123,164,487</u>
Expenses:		
General government	4,834,624	5,121,861
Public safety	9,701,599	9,125,906
Public works	20,810,758	22,845,865
Human services	1,448,173	1,793,418
Culture and recreation	5,127,771	6,551,287
Education	79,644,193	77,421,480
Debt service	148,247	1,556,829
Total expenses	<u>121,715,365</u>	<u>124,416,646</u>
Decrease in Net Position	<u>\$ (2,491,418)</u>	<u>\$ (1,252,159)</u>

The Town's total revenues were \$119,223,947. The total cost of all programs and services was \$121,715,365. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

The Town's net position decreased by \$2,491,418 during the current fiscal year. Key elements of this decrease are as follows:

- A decrease in Public Works capital grants for 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 health insurance 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**

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
General government	\$ 4,834,624	\$ 5,121,861	\$ (2,904,253)	\$ (2,338,908)
Public safety	9,701,599	9,125,906	(9,462,133)	(8,661,515)
Public works	20,810,758	22,845,865	(14,148,580)	(10,829,273)
Human services	1,448,173	1,793,418	(1,279,924)	(1,638,667)
Culture and recreation	5,127,771	6,551,287	(3,319,594)	(4,926,940)
Education	79,644,193	77,421,480	(54,518,466)	(51,843,835)
Debt service	148,247	1,556,829	(148,247)	(1,556,829)
Total	<u>\$ 121,715,365</u>	<u>\$ 124,416,646</u>	<u>\$ (85,781,197)</u>	<u>\$ (81,795,967)</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 \$10,504,994, inclusive of an unassigned fund balance of \$4,994,730.

The General Fund is the operating fund of the Town. Total fund balance of the Town's General Fund increased by \$1,623,389 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,042,748, while total fund balance was \$6,676,726.

The Town's collection rate in fiscal year 2013 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 2012/2013 was \$98,470,644. Education expenses continued to be the largest component at 66.5%, followed by public safety at 7.7%, and public works at 6.9%.

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

- Positive variances of \$369,890 and \$303,159, in the Public Works and Police Protection budgets respectively, due to a spending freeze instituted on December 7, 2012.
- A positive variance of \$226,015 in the Building Permit Revenue budget because of an increase in economic development projects.
- A positive variance of \$192,803 in the Manufacturing Machinery & Equipment Revenue budget because the grant funds received from the State of Connecticut's Manufacturing Transition and Municipal Revenue Sharing grants exceeded the Town's approved budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Asset

At June 30, 2013, the Town had \$187,377,289 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 decrease (including additions and deductions) of \$2,929,622 over last year.

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

- Police Department renovation of the Dispatch area in the amount of \$325,394.
- Depreciation expense in the amount of \$4,868,915.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2013	2012
Land	\$ 17,266,366	\$ 17,266,366
Buildings	68,748,773	70,097,098
Improvements other than buildings	13,190,266	13,701,344
Furniture and equipment	5,904,496	6,361,772
Infrastructure	76,875,453	43,570,868
Construction in progress	5,391,935	39,309,463
Total	<u>\$ 187,377,289</u>	<u>\$ 190,306,911</u>

Long-Term Debt

At June 30, 2013, the Town had \$57,920,648 in bonds and notes outstanding versus \$34,491,111 last year as shown in Table 5. The increase is largely based on the permanent financing of the State of Connecticut Clean Water Fund loans for the upgrade of the Water Pollution Control Facility, in the amount of \$27,516,583, on September 28, 2012.

TABLE 5
OUTSTANDING DEBT

	Governmental Activities	
	2013	2012
General Obligation Bonds and Notes	<u>\$ 57,920,648</u>	<u>\$ 34,491,111</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2013/2014 adopted budget for the General Fund is \$102,934,462, an increase of \$4,463,818 (4.53%). 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 2013/2014 fiscal year. The Town's rate was 6.2% at June 30, 2013, which compared favorably to the State's unemployment rate of 8.0%.
- Town Assessment Revaluation - The revaluation of real and personal property resulted in a reduction of taxable assessments by 10.93%. This reduction impacted the amount of taxes that needed to be raised, in order to maintain the same level of service for Town residents.
- Debt Service - The biggest impact to the budget was the debt service increase of \$1,600,000 for the State of Connecticut Clean Water Fund loan amortization. A few years ago, the Town Council approved the funding of the debt for the upgrade of the Water Pollution Control Facility in the General Fund.
- Economic Conditions - Town staff and Town Council are cognizant of the economic climate that was still prevalent in the preparation of this budget; therefore, no new programs were introduced, just the necessary increases to maintain the status quo of services.

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 POSITION

JUNE 30, 2013

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 22,200,982
Investments	63,332
Receivables, net	9,157,208
Inventory	33,293
Prepaid items	17,508
Due from fiduciary funds	1,025
Deferred charges	351,106
Capital assets not being depreciated	22,658,301
Capital assets being depreciated, net of accumulated depreciation	164,718,988
Total assets	<u>219,201,743</u>
Liabilities:	
Accounts payable and accrued liabilities	3,640,480
Unearned revenue	1,058,833
Notes payable	10,105,000
Noncurrent liabilities:	
Due within one year	5,773,797
Due in more than one year	65,364,804
Total liabilities	<u>85,942,914</u>
Net Position:	
Net investment in capital assets	117,808,001
Unrestricted	<u>15,450,828</u>
Total Net Position	<u><u>\$ 133,258,829</u></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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 4,834,624	\$ 1,521,538	\$ 259,305	\$ 149,528	\$ (2,904,253)
Public safety	9,701,599	116,885	115,056	7,525	(9,462,133)
Public works	20,810,758	4,379,717	496,348	1,786,113	(14,148,580)
Human services	1,448,173	86,393	81,856		(1,279,924)
Culture and recreation	5,127,771	1,766,873	41,304		(3,319,594)
Education	79,644,193	2,622,886	22,502,841		(54,518,466)
Interest on long-term debt	148,247				(148,247)
Total	<u>\$ 121,715,365</u>	<u>\$ 10,494,292</u>	<u>\$ 23,496,710</u>	<u>\$ 1,943,166</u>	<u>(85,781,197)</u>
General revenues:					
Property taxes					81,643,855
Grants and contributions not restricted to specific programs					1,515,179
Unrestricted investment earnings					130,745
Total general revenues					<u>83,289,779</u>
Change in net position					(2,491,418)
Net Position at Beginning of Year					<u>135,750,247</u>
Net Position at End of Year					<u>\$ 133,258,829</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 15,010,269	\$	\$ 908,572	\$ 3,156,077	\$ 19,074,918
Investments				63,332	63,332
Receivables, net	4,194,156	4,260,390	482,010	220,652	9,157,208
Due from other funds	3,729,481	9,884,084	9,112,995	1,015,840	23,742,400
Other assets	17,508			33,293	50,801
Total Assets	<u>\$ 22,951,414</u>	<u>\$ 14,144,474</u>	<u>\$ 10,503,577</u>	<u>\$ 4,489,194</u>	<u>\$ 52,088,659</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 2,028,412	\$ 165,895	\$ 114,466	\$ 101,786	\$ 2,410,559
Due to other funds	10,128,835	1,725,150	9,808,265	2,079,125	23,741,375
Notes payable		10,105,000			10,105,000
Deferred revenue	4,117,441		482,010	727,280	5,326,731
Total liabilities	<u>16,274,688</u>	<u>11,996,045</u>	<u>10,404,741</u>	<u>2,908,191</u>	<u>41,583,665</u>
Fund balances:					
Nonspendable	17,508			33,293	50,801
Restricted				760,375	760,375
Committed		2,148,429	98,836	835,353	3,082,618
Assigned	1,616,470				1,616,470
Unassigned	5,042,748			(48,018)	4,994,730
Total fund balances	<u>6,676,726</u>	<u>2,148,429</u>	<u>98,836</u>	<u>1,581,003</u>	<u>10,504,994</u>
Total Liabilities and Fund Balances	<u>\$ 22,951,414</u>	<u>\$ 14,144,474</u>	<u>\$ 10,503,577</u>	<u>\$ 4,489,194</u>	<u>\$ 52,088,659</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

Reconciliation of the Balance Sheet - Governmental Funds

to the Statement of Net Position:

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

Fund balances - total governmental funds	\$ 10,504,994
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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	\$ 318,958,761	
Less accumulated depreciation	<u>(131,581,472)</u>	
Net capital assets		187,377,289

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	2,383,393
Interest receivable on property taxes	1,402,496
Assessments and user fee receivable	450,057
Interest receivable on assessments and user fees	31,952
Bond issuance costs	351,106

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

2,256,425

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	(36,318)
Net pension obligation	(4,075,881)
Bonds and notes payable	(57,920,648)
Interest payable on bonds and notes	(360,282)
Compensated absences	(7,562,114)
Capital lease	(1,408,217)
Unamortized bond premium	(1,246,992)
Deferred charges on refunding	<u>1,111,569</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 133,258,829</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, 2013

	General	Capital Projects Fund	Sewer Operating Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 81,674,471	\$	\$	\$	\$ 81,674,471
Intergovernmental	21,232,260	1,927,366		3,408,607	26,568,233
Charges for services	1,641,788	27,182	4,193,184	4,627,798	10,489,952
Investment earnings	34,714		81,652	8,678	125,044
Miscellaneous		110,418		200,254	310,672
Total revenues	<u>104,583,233</u>	<u>2,064,966</u>	<u>4,274,836</u>	<u>8,245,337</u>	<u>119,168,372</u>
Expenditures:					
Current:					
General government	3,113,808			47,948	3,161,756
Public safety	7,275,085			205,405	7,480,490
Public works	6,333,972		4,322,374	290,178	10,946,524
Human services	938,051			140,292	1,078,343
Culture and recreation	2,558,160			1,635,346	4,193,506
Insurance and sundry	6,090,641				6,090,641
Education	71,405,984			5,781,336	77,187,320
Debt service	4,418,905				4,418,905
Capital outlay		8,279,178			8,279,178
Total expenditures	<u>102,134,606</u>	<u>8,279,178</u>	<u>4,322,374</u>	<u>8,100,505</u>	<u>122,836,663</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,448,627</u>	<u>(6,214,212)</u>	<u>(47,538)</u>	<u>144,832</u>	<u>(3,668,291)</u>
Other Financing Sources (Uses):					
Issuance of notes		27,516,583			27,516,583
Proceeds from capital leases		363,951			363,951
Transfers in	63,367	1,219,605	23,000		1,305,972
Transfers out	(888,605)		(969,240)	(49,127)	(1,906,972)
Total other financing sources (uses)	<u>(825,238)</u>	<u>29,100,139</u>	<u>(946,240)</u>	<u>(49,127)</u>	<u>27,279,534</u>
Net Change in Fund Balances	1,623,389	22,885,927	(993,778)	95,705	23,611,243
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 6,676,726</u>	<u>\$ 2,148,429</u>	<u>\$ 98,836</u>	<u>\$ 1,581,003</u>	<u>\$ 10,504,994</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, 2013

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

Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 23,611,243
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	1,946,223
Depreciation expense	(4,868,915)

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 position differs from the change in fund balance by the cost of the assets sold.

(6,930)

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:

Property tax receivable - accrual basis change	316,790
Property tax interest and lien revenue - accrual basis change	(347,508)
Sewer user fees and assessment receivable - accrual basis change	51,714
Sewer user fees and assessment interest receivable - accrual basis change	28,877

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

Bond principal payments	3,080,000
Note payments	1,078,773
Issuance of bonds and notes	(27,516,583)
Capital lease payments	278,471
Issuance of capital lease	(363,951)

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	(239,469)
Accrued interest	(183,118)
Amortization of deferred charge on refunding	(131,374)
Amortization of issuance costs and premiums, net	147,906
Net pension expense	84,352
Net OPEB expense	(519)

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.

542,600

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (2,491,418)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2013

	<u>Governmental Activities Internal Service Fund</u>
Assets:	
Cash and cash equivalents	\$ 3,126,064
Liabilities:	
Accounts and other payables	<u>869,639</u>
Net Position:	
Unrestricted	\$ <u><u>2,256,425</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 NET POSITION - PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:	
Charges for services	\$ 14,657,146
Operating Expenses:	
Employee benefits	<u>14,721,247</u>
Operating Loss	(64,101)
Nonoperating Revenue:	
Income on investments	<u>5,701</u>
Loss Before Transfers	(58,400)
Transfer In	<u>601,000</u>
Change in Net Position	542,600
Net Position at Beginning of Year	<u>1,713,825</u>
Net Position at End of Year	\$ <u><u>2,256,425</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, 2013

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from premiums - Town departments and agencies	\$ 14,657,146
Claims paid	(14,772,877)
Net cash used in operating activities	<u>(115,731)</u>
Cash Flows from Noncapital Financing Activities:	
Contributions from other funds	1,101,000
Cash Flows from Investing Activities:	
Income from investments	<u>5,701</u>
Net Increase in Cash and Cash Equivalents	990,970
Cash and Cash Equivalents at Beginning of Year	<u>2,135,094</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 3,126,064</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ <u>(64,101)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in accounts receivable	67,058
Decrease in accounts and other payables	<u>(118,688)</u>
Total adjustments	<u>(51,630)</u>
Net Cash Used in Operating Activities	<u><u>\$ (115,731)</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2013

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$	\$ 893,010	\$ 1,087,525
Investments:			
Mutual funds	<u>28,528,489</u>	<u> </u>	<u> </u>
Total assets	<u>28,528,489</u>	<u>893,010</u>	<u>\$ 1,087,525</u>
Liabilities:			
Accounts payable and due to others			\$ 1,087,525
Due to other funds	<u> </u>	<u>1,025</u>	<u> </u>
Total liabilities	<u>-</u>	<u>1,025</u>	<u>\$ 1,087,525</u>
Net Position:			
Held in trust for pension benefits and other purposes	<u>\$ 28,528,489</u>	<u>\$ 891,985</u>	

NOTE: Pension trust funds are reported at December 31, 2012.

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Pension Trust Funds	Other Post Employment Benefit Trust Fund
	<hr/>	<hr/>
Additions:		
Contributions:		
Employer	\$ 2,216,282	\$ 864,000
Plan members	574,878	
Total contributions	<hr/> 2,791,160 <hr/>	<hr/> 864,000 <hr/>
Investment earnings:		
Net appreciation in fair value of investments	2,675,603	
Interest and dividends	635,871	1,889
Total investment gain	<hr/> 3,311,474 <hr/>	<hr/> 1,889 <hr/>
Less investment expenses	<hr/> 12,500 <hr/>	<hr/>
Total additions	<hr/> 6,090,134 <hr/>	<hr/> 865,889 <hr/>
Deductions:		
Benefits	1,741,482	601,000
Administration	80,939	1,025
Total deductions	<hr/> 1,822,421 <hr/>	<hr/> 602,025 <hr/>
Change in Net Position	4,267,713	263,864
Net Position - Beginning of Year	<hr/> 24,260,776 <hr/>	<hr/> 628,121 <hr/>
Net Position - End of Year	<hr/> \$ 28,528,489 <hr/>	<hr/> \$ 891,985 <hr/>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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 position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. 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.

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 liened 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 position” and is classified in the following categories:

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

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

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (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 Cafeteria Fund had a fund balance deficit as of June 30, 2013 in the amount of \$14,725. This deficit will be funded with future charges for services and intergovernmental revenue.

C. Budget Overruns

The sewer operating fund debt service line item was over budget by \$442, 276.

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, \$22,205,284 of the Town's bank balance of \$23,727,556 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,305,686
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>9,899,598</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 22,205,284</u>

Cash Equivalents

At June 30, 2013, the Town's cash equivalents amounted to \$1,697,162. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management	AAAm

Investments

Investments as of June 30, 2013 (December 31, 2012 for Pension Trust Fund) in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Mutual funds	\$ 28,591,821

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, 2013, 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	\$ 1,821,424	\$	\$ 31,953	\$	\$ 1,853,377
Taxes	3,302,929				3,302,929
Accounts	47,983		445,387	24,737	518,107
Intergovernmental	200,421	4,260,390		195,915	4,656,726
Special assessments			4,670		4,670
Gross receivables	<u>5,372,757</u>	<u>4,260,390</u>	<u>482,010</u>	<u>220,652</u>	<u>10,335,809</u>
Less allowance for uncollectibles:					
Taxes	(759,673)				(759,673)
Accrued interest on taxes	<u>(418,928)</u>				<u>(418,928)</u>
Net Total Receivables	<u>\$ 4,194,156</u>	<u>\$ 4,260,390</u>	<u>\$ 482,010</u>	<u>\$ 220,652</u>	<u>\$ 9,157,208</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	\$ 2,383,393	\$
Delinquent property tax interest receivable	1,402,496	
Sewer operating user fees	445,387	
Sewer operating user fees interest	29,309	
Sewer assessments	4,670	
Sewer assessments interest	2,643	
Advance tax collections		225,349
Program fees		567,759
Other		106,204
Grant drawdowns prior to meeting all eligibility requirements		<u>159,521</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 4,267,898</u>	<u>\$ 1,058,833</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 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	39,309,463	1,590,208	(35,507,736)	5,391,935
Total capital assets not being depreciated	<u>56,575,829</u>	<u>1,590,208</u>	<u>(35,507,736)</u>	<u>22,658,301</u>
Capital assets being depreciated:				
Buildings	127,526,310	325,394		127,851,704
Improvements other than buildings	19,915,893			19,915,893
Furniture and equipment	16,179,830	623,499	(254,515)	16,548,814
Infrastructure	97,069,191	34,914,858		131,984,049
Total capital assets being depreciated	<u>260,691,224</u>	<u>35,863,751</u>	<u>(254,515)</u>	<u>296,300,460</u>
Less accumulated depreciation for:				
Buildings	(57,429,212)	(1,673,719)		(59,102,931)
Improvements other than buildings	(6,214,549)	(511,078)		(6,725,627)
Furniture and equipment	(9,818,058)	(1,073,845)	247,585	(10,644,318)
Infrastructure	(53,498,323)	(1,610,273)		(55,108,596)
Total accumulated depreciation	<u>(126,960,142)</u>	<u>(4,868,915)</u>	<u>247,585</u>	<u>(131,581,472)</u>
Total capital assets being depreciated, net	<u>133,731,082</u>	<u>30,994,836</u>	<u>(6,930)</u>	<u>164,718,988</u>
Governmental Activities Capital Assets, Net	<u>\$ 190,306,911</u>	<u>\$ 32,585,044</u>	<u>\$ (35,514,666)</u>	<u>\$ 187,377,289</u>

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

Governmental activities:	
General Government	\$ 122,553
Public Safety	581,339
Public Works	2,115,370
Culture and recreation	350,472
Human Services	19,254
Education	<u>1,679,927</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,868,915</u>

Construction Commitments

The Town has active construction projects as of June 30, 2013. At year end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Orchard Hill SRTS	\$ 194,299	\$ 91,764
Upgrade to three pump stations	1,499,356	64,688
Road Improvement Projects	1,612,724	317,565
Kelly Road Project	1,899,733	462,561
WPCA Upgrades	376,577	33,023

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, 2013 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 2,003,306
Sewer Fund	General Fund	9,112,995
Capital Projects Funds	Sewer Fund	9,808,265
Capital Projects Funds	Nonmajor Governmental Funds	75,819
General Fund	Capital Projects Funds	1,725,150
General Fund	Fiduciary Fund	1,025
Nonmajor Governmental Funds	General Fund	1,015,840
		<u>23,742,400</u>
Total		\$ <u>23,742,400</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>Sewer</u>	<u>Internal</u>	<u>Transfers</u>
	<u>Fund</u>	<u>Projects</u>	<u>Operating</u>	<u>Service</u>	<u>Out</u>
Transfers out:					
General Fund	\$	\$ 287,605	\$	\$ 601,000	\$ 888,605
Sewer Assessment	37,240	932,000			969,240
Nonmajor Governmental	26,127		23,000		49,127
	<u>63,367</u>	<u>1,219,605</u>	<u>23,000</u>	<u>601,000</u>	<u>1,906,972</u>
Total Transfers In	\$	\$	\$	\$	\$

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, 2013 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	\$ 34,491,111	\$ 27,516,583	\$ (4,087,046)	\$ 57,920,648	\$ 3,855,209
Less deferred amounts on refunding	(1,242,943)		131,374	(1,111,569)	
Premiums	1,447,654		(200,662)	1,246,992	
	<u>34,695,822</u>	<u>27,516,583</u>	<u>(4,156,334)</u>	<u>58,056,071</u>	<u>3,855,209</u>
Capital leases	1,322,737	363,951	(278,471)	1,408,217	277,824
Compensated absences	7,322,645	296,719	(57,250)	7,562,114	1,640,764
Note payable	71,727		(71,727)	-	
Net OPEB obligation	35,799	519		36,318	
Net pension obligation	<u>4,160,233</u>		<u>(84,352)</u>	<u>4,075,881</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 47,608,963</u>	<u>\$ 28,177,772</u>	<u>\$ (4,648,134)</u>	<u>\$ 71,138,601</u>	<u>\$ 5,773,797</u>

Bonds and notes payable at June 30, 2013 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, 2013</u>
General Purpose:					
Refunding bond	6/4/2008	3/15/2015	1.85-1.99%	\$ 1,486,700	\$ 381,000
Refunding bond	5/12/2009	9/1/2018	3.0-5.0%	2,478,000	1,513,000
Improvement bond	2/22/2011	2/15/2031	4.0-5.0%	9,650,000	5,000,000
Refunding bond	3/13/2012	8/1/2025	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	1,800,000
Schools:					
Refunding bond	6/4/2008	3/15/2015	1.85-1.99%	3,823,300	324,000
Improvement bond	2/15/2009	2/15/2024	3.00-5.00%	4,820,000	1,050,000
Refunding bond	5/12/2009	9/1/2018	3.0-5.0%	6,897,000	4,202,000
Sewer:					
Clean Water Note Vernon wastewater treatment plant upgrade	1/1/2002	7/1/2021	2%	800,000	355,417
	12/31/1997	12/31/2016	2%	482,056	97,921
Clean Water Note Pleasant Valley	11/30/2005	5/31/2025	2%	402,727	256,621
Clean Water Note Submersible pump station	12/28/2006	7/1/2026	2%	1,568,029	1,084,795
Clean Water Note	10/31/2012	12/30/2032	2%	27,516,583	26,670,894
Total					<u>\$ 57,920,648</u>

The following is a schedule of future debt service requirements as of June 30, 2013:

Fiscal Year Ending	Principal Payments	Interest Payments	Total Debt Service
2014	\$ 3,855,209	\$ 1,477,504	\$ 5,332,713
2015	4,365,035	1,347,571	5,712,606
2016	4,441,982	1,221,300	5,663,282
2017	4,544,916	1,099,770	5,644,686
2018	3,257,966	991,349	4,249,315
2109-2023	15,447,612	3,642,305	19,089,917
2024-2028	13,587,414	1,698,191	15,285,605
2029-2033	8,420,514	371,079	8,791,593
	<u>\$ 57,920,648</u>	<u>\$ 11,849,069</u>	<u>\$ 69,769,717</u>

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

General Obligation Bonds - Advance Refunding

In prior years, the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2013, \$7,952,226 of the defeased debt is outstanding.

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:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 183,907,271	\$ 25,782,082	\$ 158,125,189
Schools	367,814,543	7,431,000	360,383,543
Sewers	306,512,119	40,189,060	266,323,059
Urban renewal	265,643,836		265,643,836
Pension deficit	245,209,695		245,209,695

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$572,155,955.

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	\$ 27,516,583	\$ 7,760,005	\$ 11,723,412
Storm Albert Debris Management and Removal Services	8,000,000	3,220,000	4,776,918	3,082
2012 - Various School Projects	5,790,000	3,935,000		1,855,000
2012- Road/Drainage Improvements	4,000,000	2,100,000		1,900,000

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, a minibus, communication equipment and vehicles. 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	\$ 2,488,225
Accumulated depreciation	<u>(567,597)</u>
Net Leased Equipment	<u>\$ 1,920,628</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, 2013:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 331,376
2015	318,425
2016	257,618
2017	247,996
2018	135,786
2019-2021	297,847
Less amount representing interest	<u>(180,831)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,408,217</u>

Bond Anticipation Notes

The Town issued bond anticipation notes on February 20, 2013 maturing on February 19, 2014 for \$10,105,000. The current interest rate on the notes is 1.25% 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, 2013:

Project	Date Issued	Maturity Date	Interest Rate (%)	Balance 7/1/2012	Issued	Retired	Balance 6/30/2013
South Windsor High School Improvements	2/21/2012	2/20/2013	2.00%	\$ 1,100,000	\$	\$ (1,100,000)	\$ -
South Windsor High School Improvements	2/20/2013	2/19/2014	1.25%		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	2/20/2013	2/19/2014	1.25%		1,750,000		1,750,000
Storm Alfred Debris Management and Removal	2/21/2012	2/20/2013	2.00%	6,000,000		(6,000,000)	-
Storm Alfred Debris Management and Removal	2/20/2013	2/19/2014	1.25%		1,220,000		1,220,000
Various School Projects	2/20/2013	2/19/2014	1.25%		3,935,000		3,935,000
Road and Drainage Improvements	2/20/2013	2/19/2014	1.25%		2,100,000		2,100,000
Total				\$ 9,050,000	\$ 10,105,000	\$ (9,050,000)	\$ 10,105,000

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, 2012, the plans' membership consisted of:

	Town Plan	Board of Education Plan
Retirees and beneficiaries currently receiving benefits	61	49
Terminated members entitled to benefits but not yet receiving them	16	16
Inactive participants	4	6
Current active members	109	82
Total	190	153

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:

	Town	Board of Education
Annual required contribution	\$ 1,697,994	\$ 443,288
Interest on net pension obligation	252,482	80,337
Adjustment to annual required contribution	(259,576)	(82,595)
Annual pension cost	1,690,900	441,030
Contributions made	1,697,994	518,288
Decrease in net pension obligation	(7,094)	(77,258)
Net Pension Obligation, Beginning of Year	3,156,019	1,004,214
Net Pension Obligation, End of Year	\$ 3,148,925	\$ 926,956

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

	Town	Board of Education
Valuation Date	1/1/2012	1/1/2012
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

Town Pension Plan					
Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation	
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	
6/30/13	1,690,900	1,697,994	100.4	3,148,925	

Board of Education Plan					
Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation	
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	478,466	752,056	157.2	1,004,214	
6/30/13	441,030	518,288	117.5	926,956	

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Town Pension Plan							
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)	
1/1/07	\$ 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)	
1/1/12	17,001,457	29,038,451	(12,036,994)	58.5	5,352,711	(224.9)	

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)
1/1/07	\$ 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)
1/1/12	9,116,329	10,655,240	(1,538,911)	85.6	3,012,321	(51.1)

Schedule of Employer Contributions

Fiscal Year Ended	Town Pension Plan		Board of Education	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
6/30/08	\$ 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
6/30/13	1,697,994	100.0	443,288	116.9

G. Combining Statements

Schedule of Plan Assets

	Town Plan	Board of Education Plan	Total
Assets:			
Investments, at fair value:			
Mutual funds	\$ 18,730,742	\$ 9,797,747	\$ 28,528,489
Net Position Held in Trust for Pension Benefits	\$ 18,730,742	\$ 9,797,747	\$ 28,528,489

Schedule of Changes in Plan Net Assets			
	Town Plan	Board of Education Plan	Total
Additions:			
Contributions:			
Employer	\$ 1,697,994	\$ 518,288	\$ 2,216,282
Employee	<u>386,479</u>	<u>188,399</u>	<u>574,878</u>
Total contributions	<u>2,084,473</u>	<u>706,687</u>	<u>2,791,160</u>
Investment income:			
Net investment gains	1,741,174	934,429	2,675,603
Interest and dividends	<u>420,860</u>	<u>215,011</u>	<u>635,871</u>
Total investment income	2,162,034	1,149,440	3,311,474
Less investment expenses	<u>8,000</u>	<u>4,500</u>	<u>12,500</u>
Net investment income	<u>2,154,034</u>	<u>1,144,940</u>	<u>3,298,974</u>
Total additions	<u>4,238,507</u>	<u>1,851,627</u>	<u>6,090,134</u>
Deductions:			
Benefits	1,257,029	484,453	1,741,482
Administration	<u>56,558</u>	<u>24,381</u>	<u>80,939</u>
Total deductions	<u>1,313,587</u>	<u>508,834</u>	<u>1,822,421</u>
Changes in Net Position	2,924,920	1,342,793	4,267,713
Net Position - January 1, 2012	<u>15,805,822</u>	<u>8,454,954</u>	<u>24,260,776</u>
Net Position - December 31, 2012	<u>\$ 18,730,742</u>	<u>\$ 9,797,747</u>	<u>\$ 28,528,489</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, 2013 for these groups was \$37,559 and represented 6.0% of covered payroll. The employees' contributions were \$40,007 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, 2013 for this group was \$324,109 and represented 12.07% of covered payroll. The employees' required contributions were \$120,836 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 \$30,854,357 or 59.5% of the total Board of Education total payroll of \$51,782,890.

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, 2013, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$6,471,027 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, 2013 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	\$	\$	\$	\$ 33,293	\$ 33,293
Prepaid items	17,508				17,508
Restricted for:					
Education				16,242	16,242
Public safety				164,290	164,290
Public works				130,971	130,971
Health and welfare				448,872	448,872
Committed to:					
General government		1,178,828		320,757	1,499,585
Public safety				23,370	23,370
Public works		969,601	98,836		1,068,437
Culture and recreation				367,110	367,110
Education				124,116	124,116
Assigned to:					
Subsequent year's budget	400,000				400,000
General government	10,321				10,321
Public safety	6,700				6,700
Public works	123,673				123,673
Health and welfare	1,238				1,238
Culture and recreation	1,195				1,195
Education	1,073,343				1,073,343
Unassigned	5,042,748			(48,018)	4,994,730
Total Fund Balances	<u>\$ 6,676,726</u>	<u>\$ 2,148,429</u>	<u>\$ 98,836</u>	<u>\$ 1,581,003</u>	<u>\$ 10,504,994</u>

Encumbrances of \$1,216,470 are contained in the above table in the assigned categories of the General Fund and \$4,667 and \$12,863 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:

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
Medical Insurance Fund:				
2011-2012	\$ 833,750	\$ 15,635,251	\$ 15,480,674	\$ 988,327
2012-2013	988,327	14,721,247	14,839,935	869,639

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 postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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)	\$ 864,000
Interest on OPEB obligation	2,864
Adjustment to annual required contribution	<u>(2,345)</u>
Annual OPEB cost	864,519
Contributions made	<u>864,000</u>
Increase in net OPEB obligation	519
Net OPEB obligation, beginning of year	<u>35,799</u>
Net OPEB Obligation, End of Year	<u>\$ 36,318</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, 2013 is presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2011	\$ 699,896	\$ 700,000	100%	\$ (6,104)
6/30/2012	699,903	658,000	94	35,799
6/30/2013	864,519	864,000	99	36,318

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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	6.5	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed
6/30/2011	\$ 700,000	100%
6/30/2012	700,000	94%
6/30/2013	864,000	100%

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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
Property Taxes:				
Current taxes	\$ 80,492,525	\$ 80,492,525	\$ 79,973,973	\$ (518,552)
Delinquent taxes	475,000	475,000	556,630	81,630
Supplemental motor vehicles	485,000	485,000	651,662	166,662
Interest	300,000	300,000	415,180	115,180
Liens	4,000	4,000	6,105	2,105
Housing authority - PILOT (in lieu of taxes)	20,000	20,000	24,750	4,750
Telephone access relief	40,000	40,000	46,171	6,171
Total property taxes	<u>81,816,525</u>	<u>81,816,525</u>	<u>81,674,471</u>	<u>(142,054)</u>
Intergovernmental:				
State assistance - education:				
Education equalization	13,132,947	13,132,947	12,958,227	(174,720)
Other assistance:				
FEMA Reimbursements			189,713	189,713
Elderly tax freeze	3,000	3,000	3,842	842
State in lieu of taxes	66,830	66,830	48,519	(18,311)
DOT Elderly Transportation			25,083	25,083
Elderly tax relief	125,300	125,300	146,393	21,093
State sundry grants	25,000	25,000	75,529	50,529
Youth service grants	20,000	20,000	22,585	2,585
Manufacturer's equipment and machinery	1,084,232	1,084,232	1,277,035	192,803
Veterans' exemption	14,000	14,000	14,307	307
Total intergovernmental	<u>14,471,309</u>	<u>14,471,309</u>	<u>14,761,233</u>	<u>289,924</u>
Charges for Services:				
Building permits	500,000	500,000	726,015	226,015
Town Manager's rents	18,300	18,300		(18,300)
Probate court rentals	4,000	4,000	2,002	(1,998)
Town Clerk fees	410,000	410,000	562,686	152,686
Planning and zoning fees	5,000	5,000	5,375	375
General government sundry	75,000	75,000	168,531	93,531
Police	26,000	26,000	33,270	7,270
Recycling rebate			26,945	26,945
Educational rentals	10,000	10,000		(10,000)
Engineering permits	2,000	2,000	5,270	3,270
Zoning board of appeals	2,000	2,000	680	(1,320)
Refuse and recycling	143,270	143,270	73,490	(69,780)
Fire Marshal fees	50,000	50,000	37,524	(12,476)
Total charges for services	<u>1,245,570</u>	<u>1,245,570</u>	<u>1,641,788</u>	<u>396,218</u>
Investment Earnings	<u>75,000</u>	<u>75,000</u>	<u>34,714</u>	<u>(40,286)</u>
Other Revenues:				
Cancellation of prior year encumbrances			48,873	48,873
Total R+A90venues	<u>97,608,404</u>	<u>97,608,404</u>	<u>98,161,079</u>	<u>552,675</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, 2013

	<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	25,000	25,000	26,127	1,127
Fund balance appropriation	<u>800,000</u>	<u>800,000</u>		<u>(800,000)</u>
Total other financing sources	<u>862,240</u>	<u>862,240</u>	<u>63,367</u>	<u>(798,873)</u>
Total Revenues and Other Financing Sources	<u>\$ 98,470,644</u>	<u>\$ 98,470,644</u>	98,224,446	<u>\$ (246,198)</u>
Budgetary revenues are different from GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(48,873)	
State on-behalf payments			<u>6,471,027</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>\$ 104,646,600</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
General Government:				
Legislative:				
Town Council	\$ 206,655	\$ 226,655	\$ 206,437	\$ 20,218
Boards and Commissions:				
Human relations commission	2,500	2,500	699	1,801
Historic district commission	1,000	1,000	735	265
Public building commission	520	520		520
South Windsor redevelopment	1,000	1,000	1,000	-
Inland/wetlands - conservation	5,525	5,525	3,023	2,502
Land preservation advisory	300	300		300
Open space task force	500	500	63	437
Park and recreation commission	4,500	4,500	3,903	597
Planning and zoning	7,250	7,250	7,181	69
Zoning board of appeals	2,500	2,500	2,229	271
Economic development coordinator	4,500	4,500	3,386	1,114
Total boards and commissions	<u>30,095</u>	<u>30,095</u>	<u>22,219</u>	<u>7,876</u>
Judicial:				
Probate court	<u>12,254</u>	<u>12,254</u>	<u>10,988</u>	<u>1,266</u>
Elections:				
Registrar of voters	<u>143,940</u>	<u>174,428</u>	<u>164,746</u>	<u>9,682</u>
Executive:				
Town manager	314,773	316,773	315,721	1,052
Human resources	63,711	63,711	54,521	9,190
Total executive	<u>378,484</u>	<u>380,484</u>	<u>370,242</u>	<u>10,242</u>
Community Development:				
Planning department	221,086	221,086	218,802	2,284
Building department	210,249	210,249	184,439	25,810
Total community development	<u>431,335</u>	<u>431,335</u>	<u>403,241</u>	<u>28,094</u>
Finance:				
Assessor	275,936	274,486	261,494	12,992
Collector of revenue	204,424	206,989	206,511	478
Finance office	336,459	365,344	335,812	29,532
Total finance	<u>816,819</u>	<u>846,819</u>	<u>803,817</u>	<u>43,002</u>
Recording and Reporting:				
Town clerk	<u>214,235</u>	<u>214,235</u>	<u>209,683</u>	<u>4,552</u>
Law:				
Town attorney	<u>175,000</u>	<u>175,000</u>	<u>174,389</u>	<u>611</u>
Central Services:				
Town Hall	281,643	281,643	239,144	42,499
Information technology	541,474	541,474	495,452	46,022
Total quality management implementation	1,500	1,500		1,500
Media	27,325	27,325	16,239	11,086
Total central services	<u>851,942</u>	<u>851,942</u>	<u>750,835</u>	<u>101,107</u>
Total general government	<u>3,260,759</u>	<u>3,343,247</u>	<u>3,116,597</u>	<u>226,650</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, 2013

	<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	\$ 385,528	\$ 387,642	\$ 359,876	\$ 27,766
Operations	3,188,353	3,177,553	3,040,694	136,859
Support services	1,842,244	1,841,164	1,712,646	128,518
Community services	149,364	160,164	150,148	10,016
Total police protection	<u>5,565,489</u>	<u>5,566,523</u>	<u>5,263,364</u>	<u>303,159</u>
Fire Protection:				
Fire marshal	143,882	158,528	151,291	7,237
Volunteer fire department	710,553	710,553	710,553	-
Hydrants and water lines	728,600	729,401	729,400	1
Total fire protection	<u>1,583,035</u>	<u>1,598,482</u>	<u>1,591,244</u>	<u>7,238</u>
Other protection:				
Street lights	<u>409,500</u>	<u>419,737</u>	<u>419,736</u>	<u>1</u>
Total public safety	<u>7,558,024</u>	<u>7,584,742</u>	<u>7,274,344</u>	<u>310,398</u>
Public Works:				
Administration:				
Management	<u>136,845</u>	<u>137,158</u>	<u>137,122</u>	<u>36</u>
Engineering:				
Technical support	<u>391,941</u>	<u>391,628</u>	<u>388,711</u>	<u>2,917</u>
Street Services:				
Highway maintenance	2,152,522	2,152,522	2,037,162	115,360
Fleet services	809,748	809,748	653,799	155,949
Total street services	<u>2,962,270</u>	<u>2,962,270</u>	<u>2,690,961</u>	<u>271,309</u>
Public Buildings:				
Building maintenance	<u>1,329,646</u>	<u>1,340,726</u>	<u>1,260,775</u>	<u>79,951</u>
Pollution Control:				
Refuse and recycling	<u>1,952,312</u>	<u>1,952,312</u>	<u>1,936,635</u>	<u>15,677</u>
Total public works	<u>6,773,014</u>	<u>6,784,094</u>	<u>6,414,204</u>	<u>369,890</u>
Human Services:				
Conservation of Health:				
Environmental health	117,158	117,158	106,798	10,360
Visiting nurse community care	17,825	17,825	13,046	4,779
Total conservation of health	<u>134,983</u>	<u>134,983</u>	<u>119,844</u>	<u>15,139</u>
Human service programs:				
Administration	175,026	177,751	174,703	3,048
Youth and family services	257,119	237,101	234,488	2,613
Adult and senior services	331,112	331,112	316,372	14,740
Mini-bus service	54,701	71,994	71,994	-
Sheltered workshops	4,624	4,624	2,698	1,926
Total human services programs	<u>822,582</u>	<u>822,582</u>	<u>800,255</u>	<u>22,327</u>
Total human services	<u>957,565</u>	<u>957,565</u>	<u>920,099</u>	<u>37,466</u>

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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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Culture and Recreation:				
Recreation administration	\$ 1,607,753	\$ 1,607,753	\$ 1,540,202	\$ 67,551
Library	1,020,175	1,020,175	1,020,407	(232)
Total culture and recreation	<u>2,627,928</u>	<u>2,627,928</u>	<u>2,560,609</u>	<u>67,319</u>
Education	<u>65,519,961</u>	<u>65,519,961</u>	<u>65,510,166</u>	<u>9,795</u>
Insurance and Benefits:				
Municipal insurance:				
Insurance - casualty	<u>234,582</u>	<u>246,260</u>	<u>235,713</u>	<u>10,547</u>
Pension Contributions:				
Pension	1,909,773	1,909,773	1,889,874	19,899
Social security	923,094	896,648	870,856	25,792
Total pension contributions	<u>2,832,867</u>	<u>2,806,421</u>	<u>2,760,730</u>	<u>45,691</u>
Health and life insurance	<u>2,688,953</u>	<u>2,688,953</u>	<u>2,636,896</u>	<u>52,057</u>
Workers' compensation	<u>436,623</u>	<u>436,623</u>	<u>422,526</u>	<u>14,097</u>
Unemployment compensation	<u>15,000</u>	<u>16,257</u>	<u>16,257</u>	<u>-</u>
Total insurance and benefits	<u>6,208,025</u>	<u>6,194,514</u>	<u>6,072,122</u>	<u>122,392</u>
Other:				
Contingency	115,000	7,952		7,952
South Windsor patriotic commission	13,500	13,500	13,368	132
Cemeteries	3,000	3,000		3,000
Wood Memorial Library	7,500	7,500	7,500	-
Total other	<u>139,000</u>	<u>31,952</u>	<u>20,868</u>	<u>11,084</u>
Debt Service:				
Principal	3,080,000	3,080,000	3,080,000	-
Interest	1,457,763	1,458,036	1,338,905	119,131
Total debt service	<u>4,537,763</u>	<u>4,538,036</u>	<u>4,418,905</u>	<u>119,131</u>
Total expenditures	97,582,039	97,582,039	96,307,914	1,274,125
Other Financing Uses:				
Transfer out	<u>888,605</u>	<u>888,605</u>	<u>888,605</u>	<u>-</u>
Total	<u>\$ 98,470,644</u>	<u>\$ 98,470,644</u>	97,196,519	<u>\$ 1,274,125</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

Accrued payroll not budgeted

State on-behalf payments

(652,012)

7,677

6,471,027

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

\$ 103,023,211

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Charges for services	\$ 4,111,082	\$ 4,111,082	\$ 4,274,513	\$ 163,431
Investment income	3,800	3,800	323	(3,477)
Miscellaneous	68,000	68,000	23,781	(44,219)
Total revenues	<u>4,182,882</u>	<u>4,182,882</u>	<u>4,298,617</u>	<u>115,735</u>
Expenditures:				
Full time salaries	771,259	747,521	747,521	-
Overtime	71,727	88,807	88,807	-
Longevity	1,820	1,500	1,500	-
Employee benefits	502,827	504,798	504,798	-
Office supplies	1,000	1,750	1,750	-
Operating material	60,000	54,236	54,236	-
Motor vehicle supplies	19,703	9,844	9,844	-
Uniforms and clothing	6,450	5,353	5,353	-
Fleet and equipment repair	54,150	65,153	65,153	-
Professional	211,388	209,582	209,582	-
Rental and leases	9,120	2,354	2,354	-
Utilities	433,569	452,130	452,130	-
Maintenance contracts	272,200	377,888	377,888	-
Repair and maintenance equipment	10,000	11,626	11,626	-
Fees and memberships	1,395			-
Recruitment and training	4,480	9,098	9,098	-
Other purchase services	334,500	303,488	303,488	-
Department equipment	17,000	9,911	9,911	-
Boards and Commissions - Office supplies	100	105	105	-
Boards and Commissions - Advertising	600	433	433	-
Debt service	195,630	1,006,170	1,448,446	(442,276)
Total expenditures	<u>2,978,918</u>	<u>3,861,747</u>	<u>4,304,023</u>	<u>(442,276)</u>
Excess (Deficiency) of Revenues over Expenditures	1,203,964	321,135	(5,406)	(326,541)
Other Financing Uses:				
Transfers in	23,000	23,000	23,000	-
Transfers out	(1,669,240)	(969,240)	(969,240)	-
Utilization of fund balance	442,276	625,105		(625,105)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(951,646)	<u>\$ (951,646)</u>
Fund Balance - July 1, 2012			1,062,639	
Fund Balance - June 30, 2013			<u>\$ 110,993</u>	

Reconciliation to GAAP Basis

	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis - June 30, 2013	\$ 4,298,617	\$ 4,304,023
Accrued payroll not budgeted		16,824
Encumbrances outstanding at June 30, 2012 liquidated and cancelled during the year ended June 30, 2013	(23,781)	6,194
Encumbrances charged to budgetary expenditures during the year ended June 30, 2013		(4,667)
Balance, GAAP Basis - June 30, 2013	<u>\$ 4,274,836</u>	<u>\$ 4,322,374</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 15,010,269	\$ 13,258,957
Property taxes receivable (net of allowance of \$759,673 and \$704,148, respectively)	2,543,256	2,357,383
Intergovernmental receivables	200,421	123,439
Other accounts receivable	1,450,479	1,882,881
Due from other funds	3,729,481	2,781,908
Prepaid items	<u>17,508</u>	<u>135,863</u>
Total Assets	<u>\$ 22,951,414</u>	<u>\$ 20,540,431</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,028,412	\$ 2,274,886
Due to other funds	10,128,835	9,191,820
Deferred revenues	<u>4,117,441</u>	<u>4,020,388</u>
Total liabilities	<u>16,274,688</u>	<u>15,487,094</u>
Fund balance:		
Nonspendable	17,508	135,863
Assigned	1,616,470	1,413,432
Unassigned	<u>5,042,748</u>	<u>3,504,042</u>
Total fund balance	<u>6,676,726</u>	<u>5,053,337</u>
Total Liabilities and Fund Balance	<u>\$ 22,951,414</u>	<u>\$ 20,540,431</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

FOR THE YEAR ENDED JUNE 30, 2013

Grand List	Uncollected Taxes July 1, 2012		Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2013
			Additions	Deductions			Taxes	Interest	Total	
53	2011	\$ 82,073,250	\$ 64,070	\$ 484,661	\$	\$ 81,652,659	\$ 80,566,157	\$ 219,076	\$ 80,785,233	\$ 1,086,502
	2010	1,043,950	2,657	25,883		1,020,724	580,807	114,436	695,243	439,917
	2009	385,519		2,303		383,216	102,446	42,412	144,858	280,770
	2008	331,275		1,906		329,369	48,855	24,872	73,727	280,514
	2007	212,785		1,310		211,475	9,481	4,976	14,457	201,994
	2006	177,149	33	1,194		175,988	3,940	2,583	6,523	172,048
	2005	154,634		499		154,135	2,924	1	2,925	151,211
	2004	81,744				81,744	874	2,697	3,571	80,870
	2003	79,121				79,121	286	2,031	2,317	78,835
	2002	75,340				75,340	475	1,225	1,700	74,865
	2001	85,162	114			85,276	449	505	954	84,827
	2000	79,968		266		79,702		492	492	79,702
	1999	140,859				140,859	510	2,055	2,565	140,349
	1998	82,147		263		81,884			-	81,884
	1997	68,641				68,641			-	68,641
	1996	63,237		63,237		-			-	-
		\$ 85,134,781	\$ 66,874	\$ 581,522	\$ -	\$ 84,620,133	\$ 81,317,204	\$ 417,361	81,734,565	\$ 3,302,929

Property taxes receivable considered available:

June 30, 2012

(290,780)

June 30, 2013

159,863

Total Property Tax Revenue

\$ 81,603,648

TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	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	\$	\$	\$	\$	1,315	\$	101,647
Investments							63,332
Receivables:							
Accounts receivable							
Grants and contracts receivable							
Due from other funds	130,971	9,903	90,239	167,738	162,975	269,019	
Other assets							
Total Assets	\$ 130,971	\$ 9,903	\$ 90,239	\$ 167,738	\$ 164,290	\$ 269,019	\$ 164,979
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	1,008	\$	\$	\$	\$
Due to other funds							
Unearned/deferred revenue							
Total liabilities	-	-	1,008	-	-	-	-
Fund Balances:							
Nonspendable							
Restricted	130,971		89,231	167,738	164,290		
Committed		9,903				269,019	164,979
Unassigned							
Total fund balances	130,971	9,903	89,231	167,738	164,290	269,019	164,979
Total Liabilities and Fund Balances	\$ 130,971	\$ 9,903	\$ 90,239	\$ 167,738	\$ 164,290	\$ 269,019	\$ 164,979

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TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	Special Revenue Funds					
	Recreation	BOE	Education Grants	Cafeteria	BOE Accommodation	High School Athletic Association
ASSETS						
Cash and cash equivalents	\$ 1,818,105	\$ 90,541	\$ 737,054	\$ 304,387	\$ 103,028	\$
Investments						
Receivables:						
Accounts receivable					2,975	
Grants and contracts receivable			107,542	88,373		
Due from other funds						37,892
Other assets				33,293		
Total Assets	<u>\$ 1,818,105</u>	<u>\$ 90,541</u>	<u>\$ 844,596</u>	<u>\$ 426,053</u>	<u>\$ 106,003</u>	<u>\$ 37,892</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 25,866	\$ 2,191	\$ 40,100	\$ 30,187	\$	\$ 287
Due to other funds	1,022,349	52,832	777,014	363,013		
Unearned/deferred revenue	567,759		11,240	47,578	100,703	
Total liabilities	<u>1,615,974</u>	<u>55,023</u>	<u>828,354</u>	<u>440,778</u>	<u>100,703</u>	<u>287</u>
Fund Balances:						
Nonspendable				33,293		
Restricted			16,242			
Committed	202,131	35,518			5,300	37,605
Unassigned				(48,018)		
Total fund balances	<u>202,131</u>	<u>35,518</u>	<u>16,242</u>	<u>(14,725)</u>	<u>5,300</u>	<u>37,605</u>
Total Liabilities and Fund Balances	<u>\$ 1,818,105</u>	<u>\$ 90,541</u>	<u>\$ 844,596</u>	<u>\$ 426,053</u>	<u>\$ 106,003</u>	<u>\$ 37,892</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Human Services Fund	Community Use of Buildings	Lead Poison Prevention	Regional Animal Shelter	IT Reserve Fund	Interfund Eliminations	
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$ 3,156,077
Investments							63,332
Receivables:							
Accounts receivable		21,762					24,737
Grants and contracts receivable							195,915
Due from other funds	187,911	25,246	4,019	14,272	51,738	(136,083)	1,015,840
Other assets							33,293
Total Assets	<u>\$ 187,911</u>	<u>\$ 47,008</u>	<u>\$ 4,019</u>	<u>\$ 14,272</u>	<u>\$ 51,738</u>	<u>\$ (136,083)</u>	<u>\$ 4,489,194</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 27	\$ 1,315	\$	\$ 805	\$	\$	\$ 101,786
Due to other funds						(136,083)	2,079,125
Unearned/deferred revenue							727,280
Total liabilities	<u>27</u>	<u>1,315</u>	<u>-</u>	<u>805</u>	<u></u>	<u>(136,083)</u>	<u>2,908,191</u>
Fund Balances:							
Nonspendable							33,293
Restricted	187,884		4,019				760,375
Committed		45,693		13,467	51,738		835,353
Unassigned							(48,018)
Total fund balances	<u>187,884</u>	<u>45,693</u>	<u>4,019</u>	<u>13,467</u>	<u>51,738</u>	<u>-</u>	<u>1,581,003</u>
Total Liabilities and Fund Balances	<u>\$ 187,911</u>	<u>\$ 47,008</u>	<u>\$ 4,019</u>	<u>\$ 14,272</u>	<u>\$ 51,738</u>	<u>\$ (136,083)</u>	<u>\$ 4,489,194</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds						
	Town Aid Road	Animal Control	Town Hall Grants	Public Works Funds	Police	Fees in Lieu of Open Space	Library
Revenues:							
Intergovernmental	\$ 190,345	\$	\$ 53,528	\$	\$ 41,136	\$	\$ 18,328
Charges for services and assessments		25,487	24,840		99,697	7,700	26,382
Investment earnings					3		8,318
Miscellaneous			15,000	42,982			22,976
Total revenues	<u>190,345</u>	<u>25,487</u>	<u>93,368</u>	<u>42,982</u>	<u>140,836</u>	<u>7,700</u>	<u>76,004</u>
Expenditures:							
Current:							
General government			38,486				
Public safety		224			198,044		
Public works	259,024		12,500	18,654			
Human services							
Culture and recreation							28,041
Education							
Total expenditures	<u>259,024</u>	<u>224</u>	<u>50,986</u>	<u>18,654</u>	<u>198,044</u>	<u>-</u>	<u>28,041</u>
Excess (Deficiency) of Revenues over Expenditures	(68,679)	25,263	42,382	24,328	(57,208)	7,700	47,963
Other Financing Uses:							
Transfer out							(26,127)
Net Change in Fund Balance	(68,679)	25,263	42,382	24,328	(57,208)	7,700	21,836
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 130,971</u>	<u>\$ 9,903</u>	<u>\$ 89,231</u>	<u>\$ 167,738</u>	<u>\$ 164,290</u>	<u>\$ 269,019</u>	<u>\$ 164,979</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, 2013

Special Revenue Funds

	Recreation	BOE	Education Grants	Cafeteria	BOE Accommodations	High School Athletics Association
Revenues:						
Intergovernmental	\$	\$	\$	\$	\$	\$
Charges for services and assessments	1,713,546	99,012	2,692,476	381,111	1,099,063	1,274,195
Investment earnings				357		64,178
Miscellaneous						
Total revenues	<u>1,713,546</u>	<u>99,012</u>	<u>2,692,476</u>	<u>1,480,531</u>	<u>1,274,195</u>	<u>64,178</u>
Expenditures:						
Current:						
General government						
Public safety						
Public works						
Human services						
Culture and recreation	1,606,104					
Education		106,342	2,681,357	1,588,843	1,263,476	60,829
Total expenditures	<u>1,606,104</u>	<u>106,342</u>	<u>2,681,357</u>	<u>1,588,843</u>	<u>1,263,476</u>	<u>60,829</u>
Excess (Deficiency) of Revenues over Expenditures	107,442	(7,330)	11,119	(108,312)	10,719	3,349
Other Financing Uses:						
Transfer out	<u>(23,000)</u>					
Net Change in Fund Balance	84,442	(7,330)	11,119	(108,312)	10,719	3,349
Fund Balances at Beginning of Year	<u>117,689</u>	<u>42,848</u>	<u>5,123</u>	<u>93,587</u>	<u>(5,419)</u>	<u>34,256</u>
Fund Balances at End of Year	<u>\$ 202,131</u>	<u>\$ 35,518</u>	<u>\$ 16,242</u>	<u>\$ (14,725)</u>	<u>\$ 5,300</u>	<u>\$ 37,605</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, 2013

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Human Services Fund	Community Use of Buildings	Lead Poison Prevention	Regional Animal Shelter	IT Reserve Fund	Interfund Eliminations	
Revenues:							
Intergovernmental	\$ 29,183	\$	\$ 2,500	\$	\$	\$	\$ 3,408,607
Charges for services and assessments	107,260	86,438					4,627,798
Investment earnings							8,678
Miscellaneous	63,992			20,604	34,700		200,254
Total revenues	<u>200,435</u>	<u>86,438</u>	<u>2,500</u>	<u>20,604</u>	<u>34,700</u>	<u>-</u>	<u>8,245,337</u>
Expenditures:							
Current:							
General government					9,462		47,948
Public safety				7,137			205,405
Public works							290,178
Human services	139,947		345				140,292
Culture and recreation	1,201						1,635,346
Education		80,489					5,781,336
Total expenditures	<u>141,148</u>	<u>80,489</u>	<u>345</u>	<u>7,137</u>	<u>9,462</u>	<u>-</u>	<u>8,100,505</u>
Excess (Deficiency) of Revenues over Expenditures	59,287	5,949	2,155	13,467	25,238	-	144,832
Other Financing Uses:							
Transfer out							(49,127)
Net Change in Fund Balance	59,287	5,949	2,155	13,467	25,238	-	95,705
Fund Balances at Beginning of Year	<u>128,597</u>	<u>39,744</u>	<u>1,864</u>	<u>-</u>	<u>26,500</u>	<u>-</u>	<u>1,485,298</u>
Fund Balances at End of Year	<u>\$ 187,884</u>	<u>\$ 45,693</u>	<u>\$ 4,019</u>	<u>\$ 13,467</u>	<u>\$ 51,738</u>	<u>\$ -</u>	<u>\$ 1,581,003</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, 2013

	<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	\$ 387,034	\$ 387,034	\$ 694,626	\$ 307,592
Veterans' memorial park	298,210	298,210	304,887	6,677
4th R Revenue	681,300	681,300	263,681	(417,619)
Outdoor	38,120	38,120	37,457	(663)
Indoor	194,755	194,755	206,772	12,017
Social/cultural	151,035	151,035	162,704	11,669
Recreation facilities	39,699	39,699	43,419	3,720
Miscellaneous			8,713	8,713
Total revenues	<u>1,790,153</u>	<u>1,790,153</u>	<u>1,722,259</u>	<u>(67,894)</u>
Expenditures:				
Current:				
Day camp	384,703	418,443	412,386	6,057
4th R Personal Services	645,232	608,342	481,787	126,555
Veterans' memorial park	324,982	324,982	267,091	57,891
Outdoor	40,044	40,044	26,134	13,910
Indoor	192,606	192,606	189,666	2,940
Social/cultural	166,641	169,791	169,764	27
Recreation facilities	52,894	52,894	46,181	6,713
Contingency	30,000	30,000		30,000
Total expenditures	<u>1,837,102</u>	<u>1,837,102</u>	<u>1,593,009</u>	<u>244,093</u>
Excess (Deficiency) of Revenues over Expenditures	(46,949)	(46,949)	129,250	176,199
Other Financing Sources (Uses):				
Transfers in			23,000	23,000
Utilization of fund balance	<u>46,949</u>	<u>46,949</u>		<u>(46,949)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	152,250	<u>\$ 152,250</u>
Fund Balance - June 30, 2012			<u>108,419</u>	
Fund Balance - June 30, 2013			<u>\$ 260,669</u>	

Reconciliation to GAAP Basis

	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis - June 30, 2013	\$ 1,722,259	\$ 1,593,009
Accrued payroll not budgeted		25,401
Encumbrances outstanding at June 30, 2012 liquidated and cancelled during the year ended June 30, 2013	(8,713)	557
Encumbrances charged to budgetary expenditures during the year ended June 30, 2013		<u>(12,863)</u>
Balance, GAAP Basis - June 30, 2013	<u>\$ 1,713,546</u>	<u>\$ 1,606,104</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

JUNE 30, 2013

	<u>Student Activities</u>	<u>Performance Bonds</u>	<u>Total Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ <u>489,297</u>	\$ <u>598,228</u>	\$ <u>1,087,525</u>
Total assets	\$ <u><u>489,297</u></u>	\$ <u><u>598,228</u></u>	\$ <u><u>1,087,525</u></u>
Liabilities:			
Accounts payable	\$ 6,239	\$	\$ 6,239
Due to others	<u>483,058</u>	<u>598,228</u>	<u>1,081,286</u>
Total liabilities	\$ <u><u>489,297</u></u>	\$ <u><u>598,228</u></u>	\$ <u><u>1,087,525</u></u>

TOWN OF SOUTH WINDSOR, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
School Activities Fund				
Assets:				
Cash and cash equivalents	\$ 411,127	\$ 928,564	\$ 850,394	\$ 489,297
Accounts receivable	<u>991</u>	<u></u>	<u>991</u>	<u>-</u>
Total assets	<u>\$ 412,118</u>	<u>\$ 928,564</u>	<u>\$ 851,385</u>	<u>\$ 489,297</u>
Liabilities:				
Accounts payable	\$ 550	\$ 5,689	\$	\$ 6,239
Due to others	<u>411,568</u>	<u>922,875</u>	<u>851,385</u>	<u>483,058</u>
Total liabilities	<u>\$ 412,118</u>	<u>\$ 928,564</u>	<u>\$ 851,385</u>	<u>\$ 489,297</u>
Performance Bond Fund				
Assets:				
Cash and cash equivalents	<u>\$ 597,064</u>	<u>\$ 263,224</u>	<u>\$ 262,060</u>	<u>\$ 598,228</u>
Liabilities:				
Due to others	<u>\$ 597,064</u>	<u>\$ 263,224</u>	<u>\$ 262,060</u>	<u>\$ 598,228</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 1,008,191	\$ 1,191,788	\$ 1,112,454	\$ 1,087,525
Accounts receivable	<u>991</u>	<u></u>	<u>991</u>	<u>-</u>
Total assets	<u>\$ 1,009,182</u>	<u>\$ 1,191,788</u>	<u>\$ 1,113,445</u>	<u>\$ 1,087,525</u>
Liabilities:				
Accounts payable	\$ 550	\$ 5,689	\$	\$ 6,239
Due to other groups	<u>1,008,632</u>	<u>1,186,099</u>	<u>1,113,445</u>	<u>1,081,286</u>
Total liabilities	<u>\$ 1,009,182</u>	<u>\$ 1,191,788</u>	<u>\$ 1,113,445</u>	<u>\$ 1,087,525</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

FOR THE YEAR ENDED JUNE 30, 2013

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2013	\$ 81,734,565
Tax relief for the elderly	<u>2,000</u>
BASE	<u><u>\$ 81,736,565</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	\$ 183,907,271	\$	\$	\$	\$
4-1/2 times base		367,814,543			
3-3/4 times base			306,512,119		
3-1/4 times base				265,643,836	
3 times base					245,209,695
Total debt limitation	<u>183,907,271</u>	<u>367,814,543</u>	<u>306,512,119</u>	<u>265,643,836</u>	<u>245,209,695</u>
Indebtedness:					
Bonds and notes payable	23,879,000	5,576,000			
CWF notes payable			28,465,648		
Authorized, unissued bonds	<u>1,903,082</u>	<u>1,855,000</u>	<u>11,723,412</u>		
Total indebtedness	<u>25,782,082</u>	<u>7,431,000</u>	<u>40,189,060</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 158,125,189</u></u>	<u><u>\$ 360,383,543</u></u>	<u><u>\$ 266,323,059</u></u>	<u><u>\$ 265,643,836</u></u>	<u><u>\$ 245,209,695</u></u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$572,155,955).