

TOWN OF WINDSOR LOCKS, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2015

TOWN OF WINDSOR LOCKS, CONNECTICUT
TABLE OF CONTENTS
JUNE 30, 2015

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-11

Exhibit

Basic Financial Statements:	
Government-Wide Financial Statements:	
I	Statement of Net Position 12
II	Statement of Activities 13
Fund Financial Statements:	
Governmental Funds:	
III	Balance Sheet 14-15
IV	Statement of Revenues, Expenditures and Changes in Fund Balances 16-17
Proprietary Funds:	
V	Statement of Net Position 18
VI	Statement of Revenues, Expenses and Changes in Fund Net Position 19
VII	Statement of Cash Flows 20
Fiduciary Funds:	
VIII	Statement of Fiduciary Net Position 21
IX	Statement of Changes in Plan Net Position - OPEB Trust Fund 22
	Notes to the Financial Statements 23-50
Required Supplementary Information	
General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual 51-53
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual 54-56
Sewer Administration Fund:	
RSI-3	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 57
RSI-4	Schedule of the Town's Proportionate Share of Net Pension Liability - Municipal Employees' Retirement System 58
RSI-5	Schedule of Employer Contributions - Municipal Employees Retirement System 59
RSI-6	Schedule of the Town's Proportionate Share of Net Pension Liability - Teachers Retirement Plan 60
Combining and Individual Fund Statements and Schedules:	
General Fund:	
A-1	Comparative Balance Sheet 61
A-2	Report of Tax Collector 62
Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet 63-64
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances 65-66
Capital Projects Fund:	
C-1	Combining Balance Sheet - By Project 67
C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - By Project 68
Agency Funds:	
D-1	Combining Statement of Changes in Assets and Liabilities 69

Schedule

Other Schedules:

1	Sewer Administration Fund - Report of Sewer Use Charge Collector	70
2	Schedule of Debt Limitation	71

Table

Statistical Tables:

1	Principal Taxpayers	72
2	Assessed Value of Taxable Property	73
3	Current Debt Statement	74
4	Property Tax Levies and Collections	75



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Independent Auditors' Report

To the Board of Finance
Town of Windsor Locks, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Windsor Locks, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Windsor Locks, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Windsor Locks, Connecticut, as of June 30, 2015 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.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The net position of the Town has been restated to recognize the net pension liability required in implementing both GASB No. 68 and GASB No. 71. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 51 through 57 and the pension schedules on pages 58 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Windsor Locks, Connecticut, as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 30, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2016 on our consideration of the Town of Windsor Locks, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Windsor Locks, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
January 26, 2016

**TOWN OF WINDSOR LOCKS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Management of the Town of Windsor Locks, Connecticut (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$80.2 million (net position). Of this amount, \$20.5 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- On a government-wide basis, during the year the Town's total net position increased by \$4.9 million (6.4%) from \$75.3 million to \$80.2 million. The majority of the increase is attributable to the capital assets. There were new GASB Statements affecting the financials due to added pension liabilities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13.9 million, an increase of \$107 thousand in comparison with the prior year.
- At the end of the close of the current fiscal year, unassigned fund balance for the General Fund was \$10.8 million, or 21.8% of total General Fund expenditures and transfers out.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

Fiduciary Funds

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's net position from a year ago increased from \$75.4 million due to added liabilities required by GASB for pension activity to \$80.2 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1
NET POSITION
In Thousands**

	Governmental Activities	
	2015	2014 As Restated
Current and other assets	\$ 33,793	\$ 28,782
Capital assets, net of accumulated depreciation	77,809	74,193
Total assets	<u>111,602</u>	<u>102,975</u>
Deferred outflows of resources	<u>1,133</u>	<u>819</u>
Long-term debt outstanding	19,542	21,452
Other liabilities	11,967	6,965
Total liabilities	<u>31,509</u>	<u>28,417</u>
Deferred inflows of resources	<u>1,004</u>	<u>14</u>
Net Position:		
Net investment in capital assets	59,748	55,783
Restricted	4	4
Unrestricted	<u>20,470</u>	<u>19,576</u>
Total Net Position	<u>\$ 80,222</u>	<u>\$ 75,363</u>

Net position of the Town's governmental activities increased by 6.4%. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed to \$19.5 million at June 30, 2014 as restated due to new GASB requirements related to pensions and increased to \$20.5 million at the end of this year.

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

	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services:	\$ 4,292	\$ 4,176
Operating grants and contributions	14,009	14,432
Capital grants and contributions	2,689	27
General revenues:		
Property taxes	33,050	32,932
Grants and contributions not restricted to specific purposes	4,484	4,482
Investment income	105	136
Miscellaneous	264	253
Total revenues	58,893	56,438
Expenses:		
General government	2,615	2,399
Public safety	5,482	5,253
Public works	4,971	5,336
Health and welfare	524	455
Recreation	1,226	1,206
Education	38,715	38,296
Interest on long-term debt	501	484
Total program expenses	54,034	53,429
Increase in Net Position	\$ 4,859	\$ 3,009

The Town's total revenues were \$58.9 million. The total cost of all programs and services was \$54.0 million. Our analysis below considers the operations of governmental activities.

Governmental Activities

Approximately 56.2% of the revenues were derived from property taxes, followed by 23.8% from operating grants and contributions, 12.2% from other grants and 7.3% charges for services. The remaining 0.5% was derived from investment earnings and miscellaneous revenue.

Major revenue factors included:

- Operating and capital grants increased by \$2.2 million.
- Prior year property tax revenue attributed to an increase of \$741 thousand allowing for an overall increase of \$118 thousand.
- Charges for services increased by \$116 thousand.

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

- Conservative efforts by public works, public safety, and general government due to a spending freeze added to a positive position from budget to actual.
- A new landfill/refuse contract was negotiated allowing for savings in expenditures as well as a bond refinancing.
- Property, liability, and worker’s compensation averaged a 0.9% increase. The Town has a self insured medical program and this year our medical insurance expenditures increased by 6.6%.
- The cost of education services increased due to negotiated wage settlements, employee health insurance cost increases, special education cost.

Table 3 presents the cost of each of the Town’s largest programs - general government, public safety, public works, health and welfare, recreation and education - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

**TABLE 3
GOVERNMENTAL ACTIVITIES
In Thousands**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General government	\$ 2,615	\$ 2,399	\$ (303)	\$ (707)
Public safety	5,482	5,253	5,137	4,943
Public works	4,971	5,336	(194)	2,935
Health and welfare	524	455	416	341
Recreation	1,226	1,206	790	730
Education	38,715	38,296	26,717	26,098
Interest	501	484	479	454
Totals	<u>\$ 54,034</u>	<u>\$ 53,429</u>	<u>\$ 33,042</u>	<u>\$ 34,794</u>

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$13.9 million, which is an increase from last year’s total of \$13.8 million. Approximately \$7.2 million (51.5%) of this total amount constitutes unassigned fund balance, which is available for spending at the Town’s discretion. \$1.6 million (11.7%) is assigned as encumbrances and subsequent years appropriations. \$4.7 million (34.0%) is committed to designated use. The remainder of fund balance is restricted or non-spendable to indicate that it is not available for spending because it has already been obligated for permanently restricted endowments inventory (\$384 thousand).

General Fund Budgetary Highlights

The General Fund is the operating fund of the Town. At the end of the current fiscal year, total fund balance and unassigned fund balance of the General Fund was \$12.4 million and \$10.8 million, respectively.

There has been a designated use of fund balance for next year's capital expenditures and debt reduction in the amount of \$1,038,570, while unassigned fund balance was \$10,823,912. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 21.8% of total General Fund expenditures and transfers out.

The fund balance of the Town's General Fund decreased by \$44.2 thousand during the current fiscal year. The key factor was a decrease in Town expenses for the budget year and revenue.

Sewer Administration Fund

The fund balance increased by approximately \$99.9 thousand due to an increase in revenue and decrease in expenditures. \$103 thousand of the transfer to the General Fund was for debt service.

Capital Projects Fund

This fund accounts for financial resources to be used for the acquisition of major equipment or construction of facilities. Appropriations are made annually by the Board of Finance and citizen referendum pursuant to the Town Charter. Expenditures for capital projects and equipment for 2014-15 were \$3.1 million.

The Town is continuing renovations and upgrade projects for Town Hall. The Town continues with sewer and road reconstruction projects. There have been various sidewalk improvements. A commitment was received from the State Department of Transportation for an engineering design regarding the train platform located in the center of Town.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Town had invested in a broad range of capital assets, including land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles, furniture and fixtures and infrastructure (roads, sewer lines, sidewalks) on a gross basis of \$122.9 and \$77.8 million net of accumulated depreciation.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)
In Thousands

	Governmental Activities	
	2015	2014
Land	\$ 3,724	\$ 3,694
Construction in progress	3,051	4,974
Land improvements	1,935	1,936
Buildings	7,360	7,509
Building improvements	29,268	27,706
Machinery and equipment	5,256	5,124
Vehicles	3,179	2,383
Furniture and fixtures	159	164
Infrastructure	23,877	20,703
Totals	\$ 77,809	\$ 74,193

This year's major additions included:

- Completion of Fernwood/Northwood Streets Project
- Board of Education Roof Projects
- Various Road and Sewer projects

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

Long-Term Debt

At June 30, 2015, the Town had bonded debt outstanding of \$11.9 million. All of this debt comprises debt backed by the full faith and credit of the Town.

The Town's total debt decreased by a net of \$1.9 million. The Town upgraded to an "AA+" rating from an "AA" rating assigned by Standard & Poor's and maintains an "Aa1" rating from Moody's Investors Service for general obligation debt. The State limits the amount of general obligation debt that towns can issue on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$231.6 million State-imposed limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The November 2015 unemployment rate for the Town is currently 4.6%, which is a decrease from a rate of 5.8% a year ago. This compares favorably to the State's average unemployment rate of 5.1% as of November 2015. Recessionary trends are consistent with national indices.

All of these factors were considered in preparing the Town's budget for the 2015 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund decreased by approximately \$1,050 thousand.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 25,286,937
Investments	5,516,316
Receivables, net	2,978,708
Inventories	11,012
Capital assets:	
Assets not being depreciated	6,774,576
Assets being depreciated, net	71,034,306
Total assets	<u>111,601,855</u>
Deferred Outflows of Resources:	
Pension contributions subsequent to the measurement date	902,297
Deferred charge on refunding	231,185
Total deferred outflows of resources	<u>1,133,482</u>
Liabilities:	
Accounts and other payables	1,839,087
Bond anticipation note payable	9,710,000
Unearned revenue	417,272
Noncurrent liabilities:	
Due within one year	2,482,769
Due in more than one year	17,059,551
Total liabilities	<u>31,508,679</u>
Deferred Inflows of Resources:	
Differences between pension projected and actual investment activity	955,687
Advance property tax collections	48,571
Total deferred inflows of resources	<u>1,004,258</u>
Net Position:	
Net investment in capital assets	59,747,920
Restricted for trust purposes:	
Nonexpendable	3,835
Unrestricted	20,470,645
Total Net Position	<u>\$ 80,222,400</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
Governmental activities:				
General government	\$ 2,614,652	\$ 417,445	\$ 2,500,020	\$ 302,813
Public safety	5,481,742	276,867	67,325	(5,137,550)
Public works	4,970,938	2,212,932	263,475	194,407
Health and welfare	523,740	76,924	30,605	(416,211)
Recreation	1,226,055	436,271		(789,784)
Education	38,714,925	871,933	11,125,646	(26,717,346)
Interest on long-term debt	501,122		22,295	(478,827)
Total Governmental Activities	\$ 54,033,174	\$ 4,292,372	\$ 14,009,366	\$ 2,688,938
General revenues:				
Property taxes				33,049,562
Grants and contributions not restricted to specific programs				4,484,260
Unrestricted investment earnings				104,462
Miscellaneous				263,861
Total general revenues				<u>37,902,145</u>
Change in net position				4,859,647
Net Position at Beginning of Year, as Restated				<u>75,362,753</u>
Net Position at End of Year				<u>\$ 80,222,400</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Special Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 8,357,174	\$ 687,904	\$ 8,274,233	\$ 756,253	\$ 978,078	\$ 19,053,642
Investments	4,289,897	1,222,584			3,835	5,516,316
Receivables, net	1,859,620	311,563		45,417	201,405	2,418,005
Due from other funds	1,249,153		319,365		237,723	1,806,241
Inventories					11,012	11,012
Total Assets	<u>\$ 15,755,844</u>	<u>\$ 2,222,051</u>	<u>\$ 8,593,598</u>	<u>\$ 801,670</u>	<u>\$ 1,432,053</u>	<u>\$ 28,805,216</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 963,386	\$ 16,411	\$ 56,700	\$ 90,235	\$ 154,581	\$ 1,281,313
Bond anticipation notes payable			9,710,000			9,710,000
Due to other funds	557,088	87,892	229,390	568,091	148,498	1,590,959
Unearned revenue	232,154			140,552	44,566	417,272
Total liabilities	<u>1,752,628</u>	<u>104,303</u>	<u>9,996,090</u>	<u>798,878</u>	<u>347,645</u>	<u>12,999,544</u>
Deferred Inflows of Resources:						
Advance property tax collections	48,571					48,571
Unavailable revenue - property taxes	883,311					883,311
Unavailable revenue - long-term receivable	604,741					604,741
Unavailable revenue - special assessments		307,826				307,826
Total deferred inflows of resources	<u>1,536,623</u>	<u>307,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,844,449</u>
Fund Balances:						
Nonspendable					14,012	14,012
Restricted				2,792	367,258	370,050
Committed		1,809,922	2,237,630		703,138	4,750,690
Assigned	1,642,681					1,642,681
Unassigned	10,823,912		(3,640,122)			7,183,790
Total fund balances	<u>12,466,593</u>	<u>1,809,922</u>	<u>(1,402,492)</u>	<u>2,792</u>	<u>1,084,408</u>	<u>13,961,223</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,755,844</u>	<u>\$ 2,222,051</u>	<u>\$ 8,593,598</u>	<u>\$ 801,670</u>	<u>\$ 1,432,053</u>	<u>\$ 28,805,216</u>

(Continued on next page)

TOWN OF WINDSOR LOCKS, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 13,961,223
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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	\$ 122,853,305	
Less accumulated depreciation	<u>(45,044,423)</u>	
Net capital assets		77,808,882

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	883,311
Interest and lien receivable on property taxes	355,215
Assessments receivable	307,826
Interest and lien receivable on assessments	139,431
Receivable from the state for school construction projects	604,741
Deferred outflow related to pension contributions subsequent to the measurement date	902,297

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.

5,642,838

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

Bonds and notes payable	(13,025,214)
Interest payable on bonds and notes	(116,542)
Compensated absences	(1,187,469)
Capital leases	(1,350,565)
Net pension liability	(2,984,777)
Deferred inflow related to differences between pension projected and actual investment act	(955,687)
OPEB obligation	(876,795)
Heart and hypertension	(117,500)
Deferred charge on refunding	<u>231,185</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 80,222,400</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Special Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 33,342,550					\$ 33,342,550
Intergovernmental	14,563,701		327,848	2,889,503	956,548	18,737,600
Charges for services	1,035,064	1,908,829		302,785	979,927	4,226,605
Contributions					14,546	14,546
Income on investments	76,620	20,051	2,441		5,350	104,462
Other revenues	233,488	582	24,242		1,741	260,053
Total revenues	<u>49,251,423</u>	<u>1,929,462</u>	<u>354,531</u>	<u>3,192,288</u>	<u>1,958,112</u>	<u>56,685,816</u>
Expenditures:						
Current:						
General government	2,297,535				179,804	2,477,339
Public safety	4,407,138				295,058	4,702,196
Public works	2,422,258	1,561,492			88,536	4,072,286
Health and welfare	407,271				91,780	499,051
Recreation	839,250				311,273	1,150,523
Employee benefits and insurance	2,788,515					2,788,515
Education	32,258,906			3,189,496	788,211	36,236,613
Capital outlay			3,037,035			3,037,035
Debt service	2,689,101		120,342			2,809,443
Total expenditures	<u>48,109,974</u>	<u>1,561,492</u>	<u>3,157,377</u>	<u>3,189,496</u>	<u>1,754,662</u>	<u>57,773,001</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,141,449</u>	<u>367,970</u>	<u>(2,802,846)</u>	<u>2,792</u>	<u>203,450</u>	<u>(1,087,185)</u>
Other Financing Sources (Uses):						
Issuance of capital leases			1,100,000			1,100,000
Refunding bond issuance	6,585,000					6,585,000
Premium on refunding bond issuance	398,160					398,160
Payments to escrow agent	(6,889,215)					(6,889,215)
Transfers in	164,344		1,577,634			1,741,978
Transfers out	(1,443,944)	(268,028)			(30,006)	(1,741,978)
Total other financing sources (uses)	<u>(1,185,655)</u>	<u>(268,028)</u>	<u>2,677,634</u>	<u>-</u>	<u>(30,006)</u>	<u>1,193,945</u>
Net Change in Fund Balances	(44,206)	99,942	(125,212)	2,792	173,444	106,760
Fund Balances at Beginning of Year	<u>12,510,799</u>	<u>1,709,980</u>	<u>(1,277,280)</u>	<u>-</u>	<u>910,964</u>	<u>13,854,463</u>
Fund Balances at End of Year	<u>\$ 12,466,593</u>	<u>\$ 1,809,922</u>	<u>\$ (1,402,492)</u>	<u>\$ 2,792</u>	<u>\$ 1,084,408</u>	<u>\$ 13,961,223</u>

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

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)	\$ 106,760
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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	6,135,744
Depreciation expense	(2,516,059)

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.	(4,038)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(249,978)
Property tax receivable - accrual basis change	(150,383)
Property tax interest and lien receivable - accrual basis change	(142,605)
Sewer assessment receivable - accrual basis change	35,673
Sewer assessment interest and lien receivable - accrual change	19,811
Change in deferred outflow related to pension contributions subsequent to the measurement date	102,620

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 premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond and note principal payments	1,908,897
Capital lease proceeds	(1,100,000)
Capital lease payments	352,640
Refunding bond issuance	(6,585,000)
Premium on refunding bond issuance	(398,160)
Payments to escrow agent	6,889,215

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:

Amortization of premium	48,450
Compensated absences	(331,061)
OPEB obligation	180,069
Accrued interest	30,768
Amortization of deferred charge on refunding	(32,434)
Net pension liability	1,189,646
Deferred inflow related to differences between pension projected and actual investment activity	(955,687)

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.

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 4,859,647</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2015**

	Governmental Activities <u>Internal Service Fund</u>
Assets:	
Current:	
Cash and cash equivalents	\$ 6,233,295
Accounts receivable	<u>66,057</u>
Total assets	<u>6,299,352</u>
Liabilities:	
Accounts payable	116,232
Claims payable	325,000
Due to other funds	<u>215,282</u>
Total liabilities	<u>656,514</u>
Net Position:	
Unrestricted	<u>\$ 5,642,838</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues:	
Premiums	\$ <u>5,469,856</u>
Operating Expenses:	
Claims	4,373,131
Administration	<u>777,515</u>
Total operating expenses	<u>5,150,646</u>
Operating Income	319,210
Nonoperating Revenue:	
Income on investments	<u>5,549</u>
Change in Net Position	324,759
Net Position at Beginning of Year	<u>5,318,079</u>
Net Position at End of Year	\$ <u><u>5,642,838</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 5,480,854
Cash payments to providers of benefits and administration	(5,017,496)
Net cash provided by operating activities	<u>463,358</u>
Cash Flows from Investing Activities:	
Income on investments	<u>5,549</u>
Net Increase in Cash and Cash Equivalents	468,907
Cash and Cash Equivalents at Beginning of Year	<u>5,764,388</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,233,295</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 319,210
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other funds	1,994
Decrease in accounts receivable	9,004
Increase in claims and accounts payable	147,232
Decrease in due to other funds	<u>(14,082)</u>
Net Cash Provided by Operating Activities	<u>\$ 463,358</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2015

	<u>OPEB Trust Fund</u>	<u>Student Activity Fund</u>
Assets:		
Cash and cash equivalents	\$	\$ 225,854
Investments	2,092,160	
Accounts receivable	91,733	
Total assets	<u>2,183,893</u>	<u>\$ 225,854</u>
Liabilities:		
Accounts and other payables		<u>\$ 225,854</u>
Net Position:		
Held in Trust for OPEB Benefits	<u>\$ 2,183,893</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET POSITION - OPEB TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>OPEB Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 525,885
Employee	<u>282,298</u>
Total contributions	808,183
Investment income:	
Net appreciation in fair value of investments	<u>36,745</u>
Total additions	844,928
Deductions:	
Benefits	<u>649,550</u>
Net Increase	195,378
Net Position Held in Trust for OPEB Benefits at Beginning of Year	<u>1,988,515</u>
Net Position Held in Trust for OPEB Benefits at End of Year	<u><u>\$ 2,183,893</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Windsor Locks, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

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

The Town reports the following major governmental funds:

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

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

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

The Special Education Grants Fund accounts for education programs not included in the general fund budget. The major source of revenue for this fund is education grants.

Additionally, the Town reports the following fund types:

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

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

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

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

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

D. Deposits and Investments

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

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

Investments are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." An amount of \$63,504 has been established as an allowance for uncollectible taxes. At June 30, 2015, this represents 6% of all property taxes receivable.

In the fund financial statements, all property taxes receivable at June 30, 2015, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60-day period have been recorded as revenue.

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

F. Capital Assets

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

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

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

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

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

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Town also reports deferred outflows of resources related to pension contributions subsequent to the actuarial measurement date. These amounts are deferred and recognized in pension expense in the subsequent year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow related to differences between expected and actual earnings on pension plan investments. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining services lives of all employees that are provided with benefits through the pension plan (active employees and inactive

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

employees). The Town also reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax receivables represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, long-term receivables and special assessments. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

H. Compensated Absences

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

I. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts 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. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

K. 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Restricted Net Position

Net position is restricted because it is externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Windsor Locks Board of Finance and Town Meeting). Amounts can be committed, modified or rescinded by resolution of the Board of Finance or vote at Town Meeting.

Assigned Fund Balance

This includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter (Windsor Locks Finance Director and Board of Education Business Manager).

Unassigned Fund Balance

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

L. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

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

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

There were \$493,701 additional appropriations made from fund balance during the year.

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

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

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

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

B. Fund Deficits

The Capital Projects Fund has a fund deficit of \$1,402,492, which will be financed by permanent financing or General Fund transfers.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$13,250,641 of the Town's bank balance of \$13,731,957 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,900,577
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,350,064</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 13,250,641</u>

Cash Equivalents

At June 30, 2015, the Town's cash equivalents amounted to \$12,916,951. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Money Market Funds*	

*Not rated

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Investments

As of June 30, 2015, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 5,516,316	\$ -	\$ 5,516,316	\$ -
Other investments:					
Mutual funds	n/a	<u>2,092,160</u>			
Total Investments		<u>\$ 7,608,476</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk

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

Credit Risk - Investments

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2015, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

4. RECEIVABLES

Receivables as of year end for the Town’s individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Sewer Administration</u>	<u>Special Education Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,085,179	\$	\$	\$	\$ 1,085,179
Accounts	55,905	3,736		88,266	147,907
Sewer assessments		312,327			312,327
Intergovernmental	<u>782,040</u>		<u>45,417</u>	<u>179,196</u>	<u>1,006,653</u>
Gross receivables	1,923,124	<u>316,063</u>	45,417	267,462	2,552,066
Less allowance for uncollectibles	<u>(63,504)</u>	<u>(4,500)</u>			<u>(68,004)</u>
Net Total Receivables	\$ <u><u>1,859,620</u></u>	\$ <u><u>311,563</u></u>	\$ <u><u>45,417</u></u>	\$ <u><u>267,462</u></u>	\$ <u><u>2,484,062</u></u>

Note: Above does not include accrued interest and liens on property taxes of \$355,215 and sewer use charges of \$139,431.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,694,247	\$	\$ 29,500	\$	\$ 3,723,747
Construction in progress	4,974,027	(3,206,685)	1,283,487		3,050,829
Total capital assets not being depreciated	<u>8,668,274</u>	<u>(3,206,685)</u>	<u>1,312,987</u>	<u>-</u>	<u>6,774,576</u>
Capital assets being depreciated:					
Buildings	14,750,314		50,000		14,800,314
Building improvements	36,578,803	2,360,471			38,939,274
Land improvements	2,785,796		90,634		2,876,430
Machinery and equipment	13,145,847		710,277	(20,924)	13,835,200
Vehicles	5,132,119		1,118,647	(19,464)	6,231,302
Furniture and fixtures	222,874		7,595		230,469
Infrastructure	35,473,922	846,214	2,845,604		39,165,740
Total capital assets being depreciated	<u>108,089,675</u>	<u>3,206,685</u>	<u>4,822,757</u>	<u>(40,388)</u>	<u>116,078,729</u>
Less accumulated depreciation for:					
Buildings	(7,241,331)		(198,713)		(7,440,044)
Building improvements	(8,872,513)		(798,982)		(9,671,495)
Land improvements	(850,370)		(91,405)		(941,775)
Machinery and equipment	(8,022,005)		(576,265)	18,832	(8,579,438)
Vehicles	(2,749,015)		(320,748)	17,518	(3,052,245)
Furniture and fixtures	(58,564)		(12,974)		(71,538)
Infrastructure	(14,770,916)		(516,972)		(15,287,888)
Total accumulated depreciation	<u>(42,564,714)</u>	<u>-</u>	<u>(2,516,059)</u>	<u>36,350</u>	<u>(45,044,423)</u>
Total capital assets being depreciated, net	<u>65,524,961</u>	<u>3,206,685</u>	<u>2,306,698</u>	<u>(4,038)</u>	<u>71,034,306</u>
Governmental Activities Capital Assets, Net	<u>\$ 74,193,235</u>	<u>\$ -</u>	<u>\$ 3,619,685</u>	<u>\$ (4,038)</u>	<u>\$ 77,808,882</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 186,034
Public safety	286,154
Public works	1,030,339
Recreation	50,637
Education	<u>962,895</u>
Total	<u>\$ 2,516,059</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Administration Fund	\$ 87,892
	Capital Projects Fund	229,390
	Special Education Grants	568,091
	Internal Service Funds	215,282
	Nonmajor Governmental Funds	<u>148,498</u>
		1,249,153
Capital Projects	General Fund	319,365
Nonmajor Governmental Funds	General Fund	<u>237,723</u>
		<u>\$ 1,806,241</u>

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

	<u>Transfers In</u>		<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Projects</u>	
Transfers out:			
General Fund	\$	\$ 1,443,944	\$ 1,443,944
Sewer Administration Fund	134,338	133,690	268,028
Nonmajor Governmental	<u>30,006</u>	<u> </u>	<u>30,006</u>
Total Transfers In	<u>\$ 164,344</u>	<u>\$ 1,577,634</u>	<u>\$ 1,741,978</u>

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

7. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and serial notes payable:					
General obligation bonds	\$ 13,760,000	\$ 6,585,000	\$ 8,465,000	\$ 11,880,000	\$ 2,030,000
Clean water notes	754,897		88,897	666,000	90,691
Bond premiums	129,504	398,160	48,450	479,214	
Total	<u>14,644,401</u>	<u>6,983,160</u>	<u>8,602,347</u>	<u>13,025,214</u>	<u>2,120,691</u>
Capital leases	603,205	1,100,000	352,640	1,350,565	250,875
Net pension liability	4,174,423		1,189,646	2,984,777	
OPEB obligation	1,056,864		180,069	876,795	
Compensated absences	856,408	362,166	31,105	1,187,469	111,203
Heart and hypertension claims	117,500			117,500	
Total Governmental Activities Long-Term Liabilities	<u>\$ 21,452,801</u>	<u>\$ 8,445,326</u>	<u>\$ 10,355,807</u>	<u>\$ 19,542,320</u>	<u>\$ 2,482,769</u>

The following is a summary of bond and note issues at June 30, 2015:

<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, 2015</u>
Bonds/notes:					
Town:					
General obligation	11/1/2009	8/1/2024	2.0-4.0	\$ 5,518,350	\$ 370,213
General obligation	10/4/2013	10/1/2028	2.0-4.1	2,775,000	2,587,658
Refunding bond	7/1/2014	8/1/2024	2.0-3.0	3,400,000	3,400,000
Schools:					
Refunding bond	3/15/2003	3/15/2016	2.125-4.0	6,630,000	450,000
General obligation	11/1/2009	8/1/2024	2.0-4.0	816,650	54,787
General obligation	10/4/2013	10/1/2028	2.0-4.1	1,965,000	1,832,342
Refunding bond	7/1/2014	8/1/2024	2.0-3.0	3,185,000	3,185,000
Sewer:					
Clean water loan	5/31/2003	5/31/2022	2.0	1,715,669	666,000
					<u>\$ 12,546,000</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

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

Year Ending June 30,	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 2,030,000	\$ 325,506	\$ 90,691	\$ 12,492	\$ 2,120,691	\$ 337,998
2017	1,560,000	268,656	92,522	10,661	1,652,522	279,317
2018	1,525,000	227,006	94,389	8,794	1,619,389	235,800
2019	1,025,000	185,606	96,294	6,888	1,121,294	192,494
2020	750,000	155,831	98,238	4,945	848,238	160,776
2021-2025	3,730,000	463,667	193,866	3,901	3,923,866	467,568
2026-2029	1,260,000	83,672			1,260,000	83,672
Total	\$ 11,880,000	\$ 1,709,944	\$ 666,000	\$ 47,681	\$ 12,546,000	\$ 1,757,625

Refunded Bonds

The government issued \$6,585,000 in general obligation bonds with interest rates ranging from 2.0% to 3.0%. The proceeds were used to advance refund \$6,645,000 of outstanding 2005 and 2009 general obligation bonds that had interest rates ranging from 2.25% to 5.00%. The net proceeds of \$6,889,215 (including a \$398,160 premium and after payment of \$93,945 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2005 and 2009 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$244,215. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the 2005 and 2009 general obligation bonds to reduce its total debt service payments by \$357,551 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$349,374.

The Town has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2015, \$3,825,000 of the defeased debt is outstanding, and \$3,888,436 is held by an escrow agent in an irrevocable trust fund to provide all future debt service payments on the refunded bonds.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2015:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
10-4-13	7-1-14	1.25	\$ 4,510,000	\$	\$ 4,510,000	\$ -
7-1-14	6-25-15	1.50		2,580,000	2,580,000	-
7-1-14	6-25-15	1.75		1,930,000	1,930,000	-
2-26-15	6-25-15	0.75		1,020,000	1,020,000	-
6-25-15	3-24-16	1.50		9,710,000		9,710,000
			<u>\$ 4,510,000</u>	<u>\$ 15,240,000</u>	<u>\$ 10,040,000</u>	<u>\$ 9,710,000</u>

Capital Projects

As of June 30, 2015, the Town had authorized unissued bonds of \$14,208,983 available to fund capital projects.

Debt Limit

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

<u>Category</u>	<u>Debt Limitation</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 74,444,805	\$ 10,427,871	\$ 64,016,934
Schools	148,889,610	14,916,371	133,973,239
Sewers	124,074,675	806,000	123,268,675
Urban renewal	107,531,385		107,531,385
Pension deficit	99,259,740		99,259,740

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$231.6 million.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivables of - for bond principal are reflected as deductions in the computation of net indebtedness.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Capital Leases

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

The assets acquired through capital leases are as follows:

	<u>Amount</u>
Asset:	
Equipment	\$ 2,481,839
Less accumulated depreciation	<u>239,586</u>
 Total	 <u>\$ 2,242,253</u>

The following is a schedule of the future minimum lease payments under the capitalized leases together with the present value of the minimum lease payments as of June 30, 2015:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 278,987
2017	278,988
2018	187,480
2019	120,342
2020	120,342
Thereafter	<u>481,369</u>
Total minimum lease payments	1,467,508
Less amount representing interest	<u>(116,943)</u>
 Present Value of Future Minimum Lease Payment	 <u>\$ 1,350,565</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

8. FUND BALANCE

The components of fund balance for governmental funds at June 30, 2015 are as follows:

	<u>General Fund</u>	<u>Sewer Administration Fund</u>	<u>Capital Projects Fund</u>	<u>Education Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Endowment	\$	\$	\$	\$	\$ 3,000	\$ 3,000
Inventories					11,012	11,012
Restricted for:						
Grants				2,792	367,258	370,050
Committed to:						
Sewer assessment		1,809,922				1,809,922
Capital projects			2,237,630			2,237,630
General government					835	835
Public safety					83,452	83,452
Public works					456,454	456,454
Health and welfare					96,025	96,025
Education					16,307	16,307
Recreation					50,065	50,065
Assigned to:						
Future years budget	1,038,570					1,038,570
General government - encumbrances	130					130
Public safety - encumbrances	14,105					14,105
Public works - encumbrances	723					723
Recreation - encumbrances	450					450
Education - encumbrances	588,703					588,703
Unassigned	<u>10,823,912</u>		<u>(3,640,122)</u>			<u>7,183,790</u>
Total Fund Balances	<u>\$ 12,466,593</u>	<u>\$ 1,809,922</u>	<u>\$ (1,402,492)</u>	<u>\$ 2,792</u>	<u>\$ 1,084,408</u>	<u>\$ 13,961,223</u>

Encumbrances of \$604,111 are contained in the above table in the assigned category of the General Fund.

9. RISK MANAGEMENT

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

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

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

<u>Medical Insurance Fund</u>	<u>Balance July 1</u>	<u>Current Year Claims And Changes In Estimates</u>	<u>Claims Payments</u>	<u>Balance June 30</u>
2013-2014	\$ 272,055	\$ 4,052,110	\$ 4,030,165	\$ 294,000
2014-2015	294,000	4,373,131	4,342,131	325,000

The Town has Connecticut Interlocal Risk Management Agency (CIRMA) for workers compensation coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA retains \$1,000,000 per occurrence. To limit liability, the Town has additional umbrella coverage provided by CIRMA in variable amounts per occurrence.

10. PENSION PLANS

Municipal Employees’ Retirement System

A. Plan Description

All full-time employees except teachers who are eligible to participate in the State of Connecticut Teachers’ Retirement System, participate in the Municipal Employees’ Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut’s financial reporting entity and is included in the State’s financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

B. Benefit Provisions

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Normal Retirement

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1 1/2% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early Retirement

Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement - Service Connected

Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability. are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement - Non-Service Connected

Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Death Benefit

Employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and reduced 50% joint and survivor allowance.

C. Contributions

Member

Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reports a total liability of \$2,984,777 for government-wide financials in Exhibit I for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2015, the Town's proportion was 1.253%. Due to this year being the first year of implementation, the increase or decrease in proportion from June 30, 2014 is not available.

For the year ended June 30, 2015, the Town recognized pension expense of \$539,034 in Exhibit II. At June 30, 2015, the Town reported deferred inflow of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$	\$ 955,687
Town contributions subsequent to the measurement date	<u>902,297</u>	<u> </u>
Total	<u>\$ 902,297</u>	<u>\$ 955,687</u>

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2016	\$ 238,921
2017	238,921
2018	238,921
2019	<u>238,924</u>
Total	<u>\$ 955,687</u>

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	.4%
Total	100.0%	

F. Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability, calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Town's proportionate share of the net pension liability	\$ 6,061,187	\$ 2,984,777	\$ 380,339

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

H. Plan Fiduciary Net Position

The audited amounts as presented in the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2014 have been adjusted to be in accordance with the requirements of GASB Nos. 67 and 68. The adjustment to the contribution receivable increased the net position as previously reported from \$2,175,433,000 to \$2,262,724,000. The net pension liability at June 30, 2014 has been calculated using the adjusted amounts.

Teachers' Retirement Plan

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

B. Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>35,980,325</u>
Total	\$	<u>35,980,325</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2015, the Town recognized pension expense and revenue of \$2,699,553 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Mutual equity	25.0%	7.3%
Developed markets ISF	20.0%	7.5%
Emerging markets ISF	9.0%	8.6%
Core fixed income	13.0%	1.7%
Emerging market debt	4.0%	4.8%
High yield	2.0%	3.7%
Inflation linked bonds	6.0%	1.3%
Liquidity fund	6.0%	.7%
Real estate	5.0%	5.9%
Private investment	10.0%	10.9%
Total	<u>100.0%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

H. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

11. POSTEMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN

A. Summary of Significant Accounting Policies

Basis of Accounting

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

B. Plan Description

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

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

At July 1, 2013, plan membership consisted of the following:

	Retiree Health Plan
Retired members and their spouses	40
Active plan members	352
Total Participants	392

C. Funding Policy

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

Town Employees

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

Board of Education Employees

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

For the year ended June 30, 2015, plan members contributed \$282,298, and claims and benefits paid were \$686,600. Employer contributions were \$434,152. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

D. Annual OPEB Cost and Net OPEB Obligations

The Town’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town’s net OPEB obligation:

	<u>Retiree Health Plan</u>
Annual required contribution (ARC)	\$ 349,769
Interest on net OPEB obligation	79,265
Adjustment to annual required contribution	<u>(83,218)</u>
Annual OPEB cost	345,816
Contributions made	<u>525,885</u>
Decrease in net OPEB obligation	(180,069)
Net OPEB obligation at beginning of year	<u>1,056,864</u>
Net OPEB Obligation at End of Year	<u><u>\$ 876,795</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended June 30, 2013, 2014 and 2015 are presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13	\$ 372,243	\$ 179,841	48.31	% \$ 1,031,678
6/30/14	382,156	356,970	93.41	1,056,864
6/30/15	345,816	525,885	152.07	876,795

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
6/30/13	\$ 375,382	\$ 179,841	47.91 %
6/30/14	386,014	356,970	92.48
6/30/15	349,769	525,885	150.35

Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	\$	\$ 5,248,420	\$ 5,248,420	%	\$ 23,806,952	22 %
7/1/2009	374,934	4,105,823	3,730,889	9	24,096,139	15
7/1/2011	1,065,348	3,924,205	2,858,857	27	23,952,238	12
7/1/2013	1,550,968	4,038,637	2,487,669	38	22,136,805	11

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 9% initially, reduced by decrements of 1% to an ultimate rate of 5% for 2021 and later. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized each year over a constant 30 year period, as a level dollar amount.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

12. CONTINGENT LIABILITIES

The Town is a defendant in various lawsuits. It is the opinion of Town officials that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town that would materially adversely affect its financial position.

13. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68:

Net position balance at June 30, 2014, as previously reported	\$	78,737,499
Adjustments:		
Record net pension liability per GASB No. 68		(4,174,423)
Record deferred outflow of resources related to contributions subsequent to the plan measurement date per GASB No. 71		<u>799,677</u>
Net Position Balance at July 1, 2014, as Restated	\$	<u><u>75,362,753</u></u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Property Taxes:				
Current taxes	\$ 31,181,221	\$ 31,181,221	\$ 30,959,954	\$ (221,267)
Supplemental taxes	1,600,000	1,600,000	1,113,443	(486,557)
Prior year taxes	300,000	300,000	755,914	455,914
Interest and lien fees	150,000	150,000	429,158	279,158
Telephone access line	48,000	48,000	48,108	108
Housing authority in lieu of tax	26,000	26,000	35,973	9,973
Total property taxes	<u>33,305,221</u>	<u>33,305,221</u>	<u>33,342,550</u>	<u>37,329</u>
Intergovernmental:				
General government:				
Property Tax Relief			481,893	481,893
In lieu of tax, State Property	3,499,196	3,499,196	3,414,378	(84,818)
Elderly circuit breaker	140,000	140,000	130,731	(9,269)
Totally Disabled Grants	300	300	402	102
Capital improvement program	80,590	80,590		(80,590)
Veterans' Exemptions	13,000	13,000	13,069	69
Office of Emergency Management	6,000	6,000	6,250	250
Off Track Betting/Teletheater	500,000	500,000	483,694	(16,306)
Mashantucket Pequot/Mohegan Grant	447,248	447,248	444,189	(3,059)
Municipal Revenue Sharing	1,794,444	1,794,444	1,794,444	-
Senior Center Transportation Grant	5,500	5,500	14,368	8,868
Youth Services	14,000	14,000	14,000	-
Total general government	<u>6,500,278</u>	<u>6,500,278</u>	<u>6,797,418</u>	<u>297,140</u>
Education:				
Educational Cost Sharing	5,200,794	5,200,794	4,714,276	(486,518)
School Building Grants	272,273	272,273	272,274	1
School Transportation	73,394	73,394	80,180	6,786
Special Education	1	1		(1)
Total education	<u>5,546,462</u>	<u>5,546,462</u>	<u>5,066,730</u>	<u>(479,732)</u>
Total intergovernmental	<u>12,046,740</u>	<u>12,046,740</u>	<u>11,864,148</u>	<u>(182,592)</u>

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**TOWN OF WINDSOR LOCKS, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for Services:				
Conveyance tax	\$ 100,000	\$ 100,000	\$ 121,166	\$ 21,166
Town Clerk's Office	90,000	90,000	93,668	3,668
Building permits	200,000	200,000	217,755	17,755
Zoning Board of Appeals	1,500	1,500	826	(674)
Planning and Zoning	5,000	5,000	3,533	(1,467)
Other licenses and permits	2,500	2,500	9,907	7,407
Trash haulers permits	1,800	1,800	300.00	(1,500)
Assessors Office	300	300	339.00	39
Inland Wetland fees	1,000	1,000	832	(168)
False alarm fines	500	500		(500)
Tobacco valley probate cost share	16,800	16,800	13,965	(2,835)
Superior Court	11,000	11,000	11,820	820
Parking tickets	25,000	25,000	3,585	(21,415)
CONA program fees	3,500	3,500		(3,500)
Airplane registration fees	52,000	52,000	49,790	(2,210)
Tuitions	4,000	4,000	4,238	238
Park Revolving Fund	159,230	159,230	190,000	30,770
Police accident reports	1,200	1,200	1,803	603
Senior Citizen Mini-bus fee	3,200	3,200	4,130	930
Rent from schools	2,500	2,500	2,675	175
Tower rental	75,000	75,000	107,925	32,925
Town auction	1	1		(1)
Total charges for services	<u>756,031</u>	<u>756,031</u>	<u>838,257</u>	<u>82,226</u>
Investment Income:				
Income on investments	<u>90,000</u>	<u>90,000</u>	<u>76,620</u>	<u>(13,380)</u>
Other Revenues:				
Miscellaneous receipts	40,001	40,001	242,601	202,600
Recycling program	24,000	24,000	19,825	(4,175)
Workers' Compensation	12,000	12,000	25,069	13,069
Total other revenues	<u>76,001</u>	<u>76,001</u>	<u>287,495</u>	<u>211,494</u>
Total revenues	<u>46,273,993</u>	<u>46,273,993</u>	<u>46,409,070</u>	<u>135,077</u>

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**TOWN OF WINDSOR LOCKS, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources:				
Transfers from other funds:				
Sewer administration fund	\$ 130,634	\$ 130,634	\$ 134,338	\$ 3,704
Police reimbursement	30,000	30,000	30,000	-
James DeForest Phelps fund	50	50	6	(44)
Total other financing sources	<u>160,684</u>	<u>160,684</u>	<u>164,344</u>	<u>3,660</u>
Total	<u>\$ 46,434,677</u>	<u>\$ 46,434,677</u>	46,573,414	<u>\$ 138,737</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.

2,699,553

The Town does not budget for the issuance of bond premiums revenues.

398,160

The Town does not budget for refunding bond issuance.

6,585,000

The Board of Education does not budget for charges for services revenues received, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.

176,982

Cancellation of prior year encumbrances are recognized as budgetary revenue.

(34,182)

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

\$ 56,398,927

TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Auditing Services	\$ 30,900	\$ 30,900	\$ 25,700	\$ 5,200
Board of Assessment Appeals	1,108	1,108	848	260
Board of Assessors	149,054	157,650	154,903	2,747
Board of Finance	6,145	8,645	8,018	627
Board of Selectmen	160,199	164,821	164,369	452
Building Official	230,179	232,736	227,697	5,039
Capital Improvement Advisory Commission	626	626	329	297
Conservation Commission	2,937	2,937	2,745	192
Contingency Fund	300,000	129,139		129,139
Economic Development Commission	28,507	28,507	27,351	1,156
Finance Department	239,159	239,159	238,422	737
General expense all buildings	27,750	27,750	25,469	2,281
Historical Commission	557	557	329	228
Holiday observance	3,000	3,000	3,000	-
Human Resource	52,532	53,913	52,759	1,154
Information Technologies	84,370	84,369	60,792	23,577
Inland/Wetlands Agency	3,589	3,589	2,678	911
Municipal associations	20,300	20,300	20,091	209
Planning and Zoning Commission	12,441	12,543	8,722	3,821
Probate Court	21,500	21,500	18,208	3,292
Registrar of Voters	45,713	45,713	41,721	3,992
Senior Center	84,497	88,290	86,621	1,669
Tax Collector	161,817	247,013	246,455	558
Town Clerk	133,360	134,597	133,239	1,358
Town Counsel	81,000	550,950	532,157	18,793
Town Engineer	50,000	50,000	47,377	2,623
Town Office Building	159,672	159,704	156,121	3,583
Town Treasurer	200	200	200	-
Zoning Board of Appeals	5,052	5,052	3,906	1,146
Total general government	<u>2,096,164</u>	<u>2,505,268</u>	<u>2,290,227</u>	<u>215,041</u>
Public safety:				
Ambulance Association	9,000	9,000	9,000	-
Fire	387,728	387,728	326,660	61,068
Fire Marshal	68,101	68,101	64,955	3,146
Marine services	300	300		300
Nine bay garage/safety complex	2,440	2,440	949	1,491
Office of Emergency Management	27,000	27,338	25,056	2,282
Police	3,317,665	3,321,590	3,165,776	155,814
Animal control	6,055	6,055	5,368	687
Safety Complex	168,092	168,092	165,827	2,265
Water main/street lighting	648,000	648,000	631,972	16,028
Total public safety	<u>4,634,381</u>	<u>4,638,644</u>	<u>4,395,563</u>	<u>243,081</u>

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Landfill/refuse removal	\$ 1,018,308	\$ 1,018,308	\$ 905,732	\$ 112,576
Public Works Department	1,429,380	1,429,381	1,365,302	64,079
Public Works Garage	27,270	30,891	28,811	2,080
Snow removal	61,500	108,468	108,108	360
Spring Street Garage	8,740	8,740	8,042	698
Total public works	<u>2,545,198</u>	<u>2,595,788</u>	<u>2,415,995</u>	<u>179,793</u>
Health and welfare:				
Commission on Needs of the Aging	197,602	198,303	193,746	4,557
Outside services	112,585	112,585	103,334	9,251
Social services	59,085	59,085	52,329	6,756
Youth Service Bureau	58,314	58,314	55,682	2,632
Total health and welfare	<u>427,586</u>	<u>428,287</u>	<u>405,091</u>	<u>23,196</u>
Recreation:				
Parks and recreation	388,913	417,956	395,098	22,858
Public library	438,700	438,700	438,700	-
Total recreation	<u>827,613</u>	<u>856,656</u>	<u>833,798</u>	<u>22,858</u>
Employee benefits and insurance:				
Employee benefits	2,623,644	2,623,644	2,354,251	269,393
Insurance and bonds	480,970	480,970	434,264	46,706
Total employee benefits and insurance	<u>3,104,614</u>	<u>3,104,614</u>	<u>2,788,515</u>	<u>316,099</u>
Education	<u>29,336,822</u>	<u>29,336,822</u>	<u>29,335,080</u>	<u>1,742</u>
Debt service:				
Bond redemption	2,462,473	2,369,192	2,094,993	274,199
Interest	406,882	500,163	500,163	-
Total debt service	<u>2,869,355</u>	<u>2,869,355</u>	<u>2,595,156</u>	<u>274,199</u>
Total expenditures	<u>45,841,733</u>	<u>46,335,434</u>	<u>45,059,425</u>	<u>1,276,009</u>

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing uses:				
Transfers to other funds:				
Capital Improvement Fund	\$ <u>1,443,944</u>	\$ <u>1,443,944</u>	\$ <u>1,443,944</u>	\$ <u>-</u>
Total	\$ <u>47,285,677</u>	\$ <u>47,779,378</u>	46,503,369	\$ <u>1,276,009</u>
Budgetary expenditures are different than GAAP expenditures because:				
Transfers are recorded for budget purposes only.				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.				
			2,699,553	
The Town does not budget for payments to refunding bond escrow agent.				
			6,889,215	
The Town does not budget for refunding bond issuance costs.				
			93,945	
The Board of Education does not budget for charges for services revenues received, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.				
			176,982	
The Town does not budget for accrued payroll.				
			48,186	
Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes, while encumbrances are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.				
			<u>31,883</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>56,443,133</u>	

**TOWN OF WINDSOR LOCKS, CONNECTICUT
SEWER ADMINISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Sewer use charges and interest	\$ 1,933,358	\$ 1,933,358	\$ 1,842,346	\$ (91,012)
Fees	26,750	26,750	66,483	39,733
Investment income	12,500	12,500	20,051	7,551
Miscellaneous			582	582
Total revenues	<u>1,972,608</u>	<u>1,972,608</u>	<u>1,929,462</u>	<u>(43,146)</u>
Expenditures:				
Salaries	608,556	601,990	592,456	9,534
Fringe benefits	293,035	287,259	283,921	3,338
Overtime	38,500	42,383	42,383	-
Audit and legal fees	14,150	17,381	17,381	-
Chemicals/chlorine	77,401	82,713	82,713	-
Contingency	10,000	8,009	8,009	-
Electricity	188,342	175,342	174,933	409
Equipment rental/hauling	8,266	6,266	6,080	186
Fuel, oil, natural gas	25,700	22,700	21,157	1,543
Gasoline and diesel	15,188	11,188	9,085	2,103
Insurance	46,306	47,735	47,735	-
Lab equipment	24,250	24,645	24,645	-
Manholes	2,500	2,500.00	2,500	-
Mechanical maintenance	37,000	64,554	63,950	604
Outside services	23,961	24,119	24,119	-
Safety training	2,500	500	222	278
Sewer line maintenance	11,200	19,799	19,799	-
Sludge disposal	85,057	77,057	76,392	665
Supplies	37,425	31,425	31,091	334
Telephone	5,494	5,494	5,061	433
User fee administration	11,162	11,162	11,117	45
Vehicle parts, repairs	6,500	8,272	8,272	-
Water	8,729	8,729	8,471	258
Total expenditures	<u>1,581,222</u>	<u>1,581,222</u>	<u>1,561,492</u>	<u>19,730</u>
Excess of Revenues over Expenditures	391,386	391,386	367,970	(23,416)
Other financing uses:				
Transfers out	<u>(268,028)</u>	<u>(268,028)</u>	<u>(268,028)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 123,358</u>	<u>\$ 123,358</u>	99,942	<u>\$ (23,416)</u>
Fund Balance at Beginning of Year			<u>1,709,980</u>	
Fund Balance at End of Year			<u>\$ 1,809,922</u>	

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
 LAST FISCAL YEAR**

	<u>2015</u>
Town's proportion of the net pension liability	1.25%
Town's proportionate share of the net pension liability	\$ 2,984,777
Town's covered-employee payroll	\$ 6,192,516
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.20%
Plan fiduciary net position as a percentage of the total pension liability	90.48%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market

TOWN OF WINDSOR LOCKS, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 340,234	\$ 373,433	\$ 409,809	\$ 423,637	\$ 464,813	\$ 617,037	\$ 700,489	\$ 732,126	\$ 799,677	\$ 902,297
Contributions in relation to the actuarially determined contribution	340,234	373,433	409,809	423,637	464,813	617,037	700,489	732,126	799,677	902,297
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 4,107,931	\$ 4,585,770	\$ 5,099,667	\$ 5,108,753	\$ 5,151,809	\$ 5,368,347	\$ 5,325,278	\$ 5,396,456	\$ 5,676,638	\$ 6,192,516
Contributions as a percentage of covered employee payroll	8.28%	8.14%	8.04%	8.29%	9.02%	11.49%	13.15%	13.57%	14.09%	14.57%

Notes to Schedule

Valuation date: June 30, 2014
Measurement date: June 30, 2014
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age
Amortization method: Level dollar, closed
Single equivalent amortization period: 27 years
Asset valuation method: 5 years smoothed market (20% write up)
Inflation: 3.25%
Salary increases: 4.25% - 11%, including inflation
Investment rate of return: 8%, net of investment related expense
Changes in assumptions: In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 TEACHERS RETIREMENT PLAN
 LAST FISCAL YEAR**

	<u>2015</u>
Town's proportion of the net pension liability	0.00%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>35,980,325</u>
Total	<u>\$ 35,980,325</u>
Town's covered-employee payroll	\$ 14,344,121
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 8,357,174	\$ 7,032,478
Investments	4,289,897	5,651,435
Property taxes receivable, net of allowance for \$63,504 in 2015 and \$103,306 in 2014	1,021,675	1,191,878
Accounts receivable	837,945	1,068,965
Due from other funds	<u>1,249,153</u>	<u>1,300,165</u>
Total Assets	<u>\$ 15,755,844</u>	<u>\$ 16,244,921</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 963,386	\$ 1,494,817
Due to other funds	557,088	337,280
Unearned revenue	<u>232,154</u>	<u> </u>
Total liabilities	<u>1,752,628</u>	<u>1,832,097</u>
Deferred inflows of resources:		
Advance property tax collections	48,571	13,612
Unavailable revenue - property taxes	883,311	1,033,694
Unavailable revenue - long-term receivable	<u>604,741</u>	<u>854,719</u>
Total deferred inflows of resources	<u>1,536,623</u>	<u>1,902,025</u>
Fund balance:		
Assigned	1,642,681	636,260
Unassigned	<u>10,823,912</u>	<u>11,874,539</u>
Total fund balance	<u>12,466,593</u>	<u>12,510,799</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 15,755,844</u>	<u>\$ 16,244,921</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2015**

Grand List	Uncollected Taxes July 1, 2014	Current Tax Levy			Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2015	
			Additions	Deductions			Taxes	Interest and Lien Fees	Total		
1998	\$ 4,816	\$	\$	\$ 4,816	\$	\$	\$	\$	\$ -	\$ -	
1999	1,811					1,811			-	1,811	
2000	2,800					2,800	644	1,501	2,145	2,156	
2001	4,973					4,973	1,348	2,936	4,284	3,625	
2002	4,020					4,020	1,457	2,908	4,365	2,563	
2003	4,357					4,357	1,256	2,285	3,541	3,101	
2004	7,134		5			7,139	4,585	3,177	7,762	2,554	
2005	9,810		177			9,987	7,071	10,625	17,696	2,916	
2006	16,685		150	150		16,685	4,893	8,484	13,377	11,792	
2007	27,106					27,106	6,550	9,249	15,799	20,556	
2008	45,261					45,261	13,046	12,845	25,891	32,215	
2009	67,633					67,633	30,233	23,221	53,454	37,400	
2010	148,061		112	176		147,997	98,129	37,975	136,104	49,868	
2011	339,454		30,616	63,944	80,550	225,576	128,550	66,610	195,160	97,026	
2012	611,263		97,776	117,341		591,698	348,519	82,885	431,404	243,179	
Total prior years	1,295,184		128,836	186,427	80,550	1,157,043	646,281	264,701	910,982	510,762	
2013		32,739,577	314,014	485,586		32,568,005	31,993,588	154,938	32,148,526	574,417	
Total	\$ 1,295,184	\$ 32,739,577	\$ 442,850	\$ 672,013	\$ 80,550	\$ 33,725,048	32,639,869	419,639	33,059,508	\$ 1,085,179	
							Suspense Collections	14,090	12,982	27,072	
							Total	32,653,959	\$ 432,621	\$ 33,086,580	
							Prior year refunds expended:	114,259			
							Property taxes receivable considered available:				
							June 30, 2014	(158,184)			
							June 30, 2015	138,364			
							Total Taxes	\$ 32,748,398			

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015**

	Special Revenue					
	<u>Special Grants</u>	<u>Dog</u>	<u>Highway</u>	<u>School Cafeteria</u>	<u>Police Revolving</u>	<u>Parks and Recreation</u>
ASSETS						
Cash and cash equivalents	\$	\$ 15,875	\$ 464,778	\$ 20,722	\$ 182,607	\$ 77,800
Investments						
Receivables, net	118,817	1,087		61,450	19,028	1,023
Due from other funds	227,677	10,046				
Inventory				11,012		
Total Assets	\$ 346,494	\$ 27,008	\$ 464,778	\$ 93,184	\$ 201,635	\$ 78,823
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 79,349	\$ 8,009		\$ 58,457		\$ 8,600
Due to other funds			8,324		137,182	
Unearned revenue	17,000			7,408		20,158
Total liabilities	96,349	8,009	8,324	65,865	137,182	28,758
Fund Balances:						
Nonspendable				11,012		
Restricted	250,145					
Committed		18,999	456,454	16,307	64,453	50,065
Total fund balances	250,145	18,999	456,454	27,319	64,453	50,065
Total Liabilities and Fund Balances	\$ 346,494	\$ 27,008	\$ 464,778	\$ 93,184	\$ 201,635	\$ 78,823

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**TOWN OF WINDSOR LOCKS, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue			Permanent Fund	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Human Services	Police Department Asset Forfeiture	James DeForest Phelps	
ASSETS					
Cash and cash equivalents	\$ 3,414	\$ 95,769	\$ 117,113	\$	\$ 978,078
Investments				3,835	3,835
Receivables, net					201,405
Due from other funds					237,723
Inventory					11,012
Total Assets	<u>\$ 3,414</u>	<u>\$ 95,769</u>	<u>\$ 117,113</u>	<u>\$ 3,835</u>	<u>\$ 1,432,053</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 166	\$	\$	\$	\$ 154,581
Due to other funds	1,725	1,267			148,498
Unearned revenue					44,566
Total liabilities	<u>1,891</u>	<u>1,267</u>	<u>-</u>	<u>-</u>	<u>347,645</u>
Fund Balances:					
Nonspendable				3,000	14,012
Restricted			117,113		367,258
Committed	1,523	94,502		835	703,138
Total fund balances	<u>1,523</u>	<u>94,502</u>	<u>117,113</u>	<u>3,835</u>	<u>1,084,408</u>
Total Liabilities and Fund Balances	<u>\$ 3,414</u>	<u>\$ 95,769</u>	<u>\$ 117,113</u>	<u>\$ 3,835</u>	<u>\$ 1,432,053</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue					
	Special Grants	Dog	Highway	School Cafeteria	Police Revolving	Parks and Recreation
Revenues:						
Intergovernmental	\$ 213,038	\$	\$ 263,475	\$ 414,285	\$ 265,994	\$ 246,271
Charges for services		5,485		385,253		
Contributions	11,136	1,575				
Income from investments	5,340		4			
Other revenues	1,741					
Total revenues	<u>231,255</u>	<u>7,060</u>	<u>263,479</u>	<u>799,538</u>	<u>265,994</u>	<u>246,271</u>
Expenditures:						
Current:						
General government	179,804					
Public safety	34,295	1,878			243,280	
Public works	362		88,174			
Health and welfare	14,632					
Recreation						311,273
Education				788,211		
Total expenditures	<u>229,093</u>	<u>1,878</u>	<u>88,174</u>	<u>788,211</u>	<u>243,280</u>	<u>311,273</u>
Excess (Deficiency) of Revenues over Expenditures	2,162	5,182	175,305	11,327	22,714	(65,002)
Other Financing Uses:						
Transfers out					(30,000)	
Net Change in Fund Balances	2,162	5,182	175,305	11,327	(7,286)	(65,002)
Fund Balances at Beginning of Year	<u>247,983</u>	<u>13,817</u>	<u>281,149</u>	<u>15,992</u>	<u>71,739</u>	<u>115,067</u>
Fund Balances at End of Year	<u>\$ 250,145</u>	<u>\$ 18,999</u>	<u>\$ 456,454</u>	<u>\$ 27,319</u>	<u>\$ 64,453</u>	<u>\$ 50,065</u>

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**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue			Permanent Fund	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Human Services	Police Department Asset Forfeiture	James DeForest Phelps	
Revenues:					
Intergovernmental	\$	\$	\$ 65,750	\$	\$ 956,548
Charges for services	53,647	23,277			979,927
Contributions	1,835				14,546
Income from investments				6	5,350
Other revenues					1,741
Total revenues	<u>55,482</u>	<u>23,277</u>	<u>65,750</u>	<u>6</u>	<u>1,958,112</u>
Expenditures:					
Current:					
General government					179,804
Public safety			15,605		295,058
Public works					88,536
Health and welfare	65,561	11,587			91,780
Recreation					311,273
Education					788,211
Total expenditures	<u>65,561</u>	<u>11,587</u>	<u>15,605</u>	<u>-</u>	<u>1,754,662</u>
Excess (Deficiency) of Revenues over Expenditures	(10,079)	11,690	50,145	6	203,450
Other Financing Uses:					
Transfers out				(6)	(30,006)
Net Change in Fund Balances	(10,079)	11,690	50,145	-	173,444
Fund Balances at Beginning of Year	<u>11,602</u>	<u>82,812</u>	<u>66,968</u>	<u>3,835</u>	<u>910,964</u>
Fund Balances at End of Year	<u>\$ 1,523</u>	<u>\$ 94,502</u>	<u>\$ 117,113</u>	<u>\$ 3,835</u>	<u>\$ 1,084,408</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND - BY PROJECT
 JUNE 30, 2015**

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>BOE Capital Projects</u>	<u>Eliminations</u>	<u>Total Capital Projects Fund</u>
ASSETS						
Cash and cash equivalents	\$ 2,136,597	\$ 5,793,632	\$ 344,004	\$	\$	\$ 8,274,233
Due from other funds		409,365			(90,000)	319,365
Total Assets	<u>\$ 2,136,597</u>	<u>\$ 6,202,997</u>	<u>\$ 344,004</u>	<u>\$ -</u>	<u>\$ (90,000)</u>	<u>\$ 8,593,598</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 26,178	\$ 27,887	\$	\$ 2,635	\$	\$ 56,700
Bond anticipation note payable		9,710,000				9,710,000
Due to other funds	216,793			102,597	(90,000)	229,390
Total Liabilities	<u>242,971</u>	<u>9,737,887</u>	<u>-</u>	<u>105,232</u>	<u>(90,000)</u>	<u>9,996,090</u>
Fund Balances:						
Committed	1,893,626		344,004			2,237,630
Unassigned		(3,534,890)		(105,232)		(3,640,122)
Total fund balances	<u>1,893,626</u>	<u>(3,534,890)</u>	<u>344,004</u>	<u>(105,232)</u>	<u>-</u>	<u>(1,402,492)</u>
Total Liabilities and Fund Balances	<u>\$ 2,136,597</u>	<u>\$ 6,202,997</u>	<u>\$ 344,004</u>	<u>\$ -</u>	<u>\$ (90,000)</u>	<u>\$ 8,593,598</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND - BY PROJECT
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Eliminations</u>	<u>Total Capital Projects Fund</u>
Revenues:						
Intergovernmental	\$	\$ 327,848	\$	\$	\$	\$ 327,848
Income from investments	659	1,279	503			2,441
Other revenue		24,242				24,242
Total revenues	<u>659</u>	<u>353,369</u>	<u>503</u>	<u>-</u>	<u>-</u>	<u>354,531</u>
Expenditures:						
Capital outlay	2,105,811	789,249	36,743	105,232		3,037,035
Debt service	120,342					120,342
Total expenditures	<u>2,226,153</u>	<u>789,249</u>	<u>36,743</u>	<u>105,232</u>	<u>-</u>	<u>3,157,377</u>
Deficiency of Revenues over Expenditures	<u>(2,225,494)</u>	<u>(435,880)</u>	<u>(36,240)</u>	<u>(105,232)</u>	<u>-</u>	<u>(2,802,846)</u>
Other Financing Sources:						
Issuance of capital leases	1,100,000					1,100,000
Transfers in	1,443,944	90,000	133,690		(90,000)	1,577,634
Transfers out	<u>(90,000)</u>				<u>90,000</u>	<u>-</u>
Total other financing sources	<u>2,453,944</u>	<u>90,000</u>	<u>133,690</u>	<u>-</u>	<u>-</u>	<u>2,677,634</u>
Net Change in Fund Balances	228,450	(345,880)	97,450	(105,232)	-	(125,212)
Fund Balances at Beginning of Year	<u>1,665,176</u>	<u>(3,189,010)</u>	<u>246,554</u>	<u>-</u>	<u>-</u>	<u>(1,277,280)</u>
Fund Balances at End of Year	<u>\$ 1,893,626</u>	<u>\$ (3,534,890)</u>	<u>\$ 344,004</u>	<u>\$ (105,232)</u>	<u>\$ -</u>	<u>\$ (1,402,492)</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Assets:				
Cash and cash equivalents:				
Student Activities Fund	\$ <u>203,745</u>	\$ <u>304,713</u>	\$ <u>282,604</u>	\$ <u>225,854</u>
Liabilities:				
Accounts payable:				
Student Activities Fund	\$ <u>203,745</u>	\$ <u>304,713</u>	\$ <u>282,604</u>	\$ <u>225,854</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
SEWER ADMINISTRATION FUND
REPORT OF SEWER USE CHARGE COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2015**

List Year	Uncollected Charges July 1, 2014	Current Year Billings and Adjustments	Adjusted Charges Collectible	Collections			Uncollected Charges June 30, 2015
				Charges	Interest and Lien Fees	Total	
2002	\$ 52	\$	\$ 52	\$	\$	\$ -	\$ 52
2003	199		199			-	199
2004	291		291			-	291
2005	236		236	6	9	15	230
2006	1,161		1,161	405	690	1,095	756
2007	2,630		2,630	984	1,293	2,277	1,646
2008	7,526		7,526	2,549	3,227	5,776	4,977
2009	15,557		15,557	4,115	4,205	8,320	11,442
2010	24,838		24,838	6,770	6,864	13,634	18,068
2011	40,246		40,246	13,297	8,978	22,275	26,949
2012	62,377		62,377	21,396	10,994	32,390	40,981
2013	121,540	(285)	121,255	44,139	14,292	58,431	77,116
Total prior years	276,653	(285)	276,368	93,661	50,552	144,213	182,707
2014		1,806,315	1,806,315	1,676,695	21,438	1,698,133	129,620
Total	\$ <u>276,653</u>	\$ <u>1,806,030</u>	\$ <u>2,082,683</u>	\$ <u>1,770,356</u>	\$ <u>71,990</u>	\$ <u>1,842,346</u>	\$ <u>312,327</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2015

Total tax collections (including interest and lien fees) for current fiscal year					\$ <u>33,086,580</u>
Base					\$ <u><u>33,086,580</u></u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 74,444,805	\$	\$	\$	\$
4-1/2 times base		148,889,610			
3-3/4 times base			124,074,675		
3-1/4 times base				107,531,385	
3 times base					99,259,740
Total debt limitation	<u>74,444,805</u>	<u>148,889,610</u>	<u>124,074,675</u>	<u>107,531,385</u>	<u>99,259,740</u>
Indebtedness:					
Bonds and notes payable	6,357,871	5,522,129	666,000		
Bonds authorized and unissued	4,070,000	9,998,983	140,000		
Less school building grants		(604,741)			
Net indebtedness	<u>10,427,871</u>	<u>14,916,371</u>	<u>806,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u><u>64,016,934</u></u>	\$ <u><u>133,973,239</u></u>	\$ <u><u>123,268,675</u></u>	\$ <u><u>107,531,385</u></u>	\$ <u><u>99,259,740</u></u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$231,606,060).

**TOWN OF WINDSOR LOCKS, CONNECTICUT
FOR THE YEAR ENDED JUNE 30, 2015
PRINCIPAL TAXPAYERS**

Name	Nature of Business	Taxable Valuation as of 10/1/13	Percent of Net Taxable Grand List*
EAN Holdings LLC	Car rental	\$ 46,447,412	3.81 %
Hamilton Sundstrand Corporation	Manufacturing	37,800,900	3.10
Hertz Vehicles LLC	Car rental	29,769,240	2.44
PV Holding Corp	Car rental	29,346,242	2.41
AREH Windsor Locks LLC	Car rental	22,071,900	1.81
Hartford Parking Property LLC	Valet Parking	15,712,200	1.29
Connecticut Light & Power Company	Utility	14,640,130	1.20
Ahlstrom Nonwovens LLC	Manufacturing	13,896,580	1.14
American Honda Motor Co. Inc.	Parts distribution center	13,076,230	1.07
C & S Wholesale	Wholesale Grocer	<u>11,061,750</u>	<u>0.91</u>
Total		\$ <u><u>233,822,584</u></u>	<u><u>19.19 %</u></u>

* Based on 10/01/13 Net Taxable Grand List of \$ 1,218,347,021

TOWN OF WINDSOR LOCKS, CONNECTICUT
ASSESSED VALUE OF TAXABLE PROPERTY
(\$ in thousands)
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Grand List as of October 1,	Real Property		Other Land Percent	Personal Property Percent	Motor Vehicle Percent	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percentage Change
		Residential Percent	Commercial and Industrial Percent							
2015	2013	42.6	% 21.8	% 0.0	% 20.4	% 15.2	\$ 1,364,824	\$ 146,477	\$ 1,218,347	(4.1) %
2014	2012	46.5	22.6	0.0	18.4	12.5	1,410,980	141,149	1,269,831	0.4
2013	2011	50.6	25.2	0.0	8.8	15.4	1,386,837	122,058	1,264,779	2.1
2012	2010	51.3	25.9	0.0	9.4	13.4	1,357,056	118,518	1,238,538	0.2
2011	2009	52.0	25.1	0.0	11.0	11.9	1,360,972	125,283	1,235,689	(1.9)
2010	2008	50.8	25.9	0.0	11.4	11.7	1,369,385	109,493	1,259,892	9.3
2009	2007	46.6	24.7	0.0	14.3	14.3	1,252,602	99,785	1,152,817	3.6
2008	2006	47.9	24.5	0.0	14.2	13.4	1,199,002	86,349	1,112,653	1.5
2007	2005	47.5	24.2	0.0	14.5	13.8	1,178,178	81,445	1,096,733	2.4
2006	2004	47.0	25.6	0.0	13.9	13.5	1,158,850	88,179	1,070,671	2.3

Date of Last Revaluation 10/1/13
Based on Assessor Data

**TOWN OF WINDSOR LOCKS, CONNECTICUT
CURRENT DEBT STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015**

Bonded Debt:		
General purpose	\$	6,357,871
Schools		5,522,129
Sewers		666,000
Total bonded debt		<u>12,546,000</u>
Short-Term Debt:		<u>9,710,000</u>
Total direct debt		22,256,000
Less school construction grants receivable		<u>(604,741)</u>
Total Overall Net Debt	\$	<u><u>21,651,259</u></u>

**CURRENT DEBT RATIOS
FOR THE YEAR ENDED JUNE 30, 2015**

Population, 2012		12,500
Per capita income, 2012	\$	26,549
Net taxable grand list, 10/1/13	\$	1,218,347,021
Estimated full value @ 70%	\$	1,740,495,744
Equalized net grand list, 2013**	\$	1,741,395,744

	Overall Debt		Overall Net Debt	
	\$	22,256,000	\$	21,651,259
Per capita	\$	1,780	\$	1,732
To net taxable grand list		1.83%		1.78%
To estimated full value @ 70%		1.28%		1.24%
To equalized net grand list, 2013		1.28%		1.24%
Ratio of debt per capita to per capita income		6.70%		6.52%

* State of Connecticut Office of Policy and Management

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

TABLE 4

**TOWN OF WINDSOR LOCKS, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Grand List October 1,	Net Taxable Grand List (thousands)	Mill Rate	Total Adjusted Tax levy (thousands)	Percentage of Annual Levy					
					Collected at End of Fiscal Year	Uncollected at End of Fiscal Year	Uncollected as of June 30, 2015			
2015	2013	\$ 1,218,347	26.23	\$ 32,739	98.0	%	2.0	%	2	%
2014	2012	1,269,831	24.54	32,307	98.2		1.8		0.7	
2013	2011	1,264,779	24.27	31,296	97.9		2.1		0.3	
2012	2010	1,238,538	23.40	29,700	97.8		2.2		0.2	
2011	2009	1,235,689	23.15	29,417	98.1		1.9		0.1	
2010	2008	1,259,892	21.65	27,675	97.7		2.3		0.1	
2009	2007	1,152,817	23.57	27,793	97.9		2.1		0.1	
2008	2006	1,112,653	22.88	26,817	98.6		1.4		0	
2007	2005	1,096,733	22.65	26,060	98.6		1.4		0	
2006	2004	1,070,671	22.40	25,161	98.1		1.9		0	