

# TOWN OF WINDSOR LOCKS, CONNECTICUT

FINANCIAL STATEMENTS  
JUNE 30, 2018

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
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**JUNE 30, 2018**

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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, 2018, 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 from 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, 2018 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.

## ***Changes in Accounting Principle***

As discussed in Note 14 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Windsor Locks, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. The net position of the Town of Windsor Locks, Connecticut has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to these matters.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, 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 section 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 section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

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, 2017 (not presented herein), and have issued our report thereon dated December 28, 2017, 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, 2017 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 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018 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 solely 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 the effectiveness of the Town of Windsor Locks, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Windsor Locks, Connecticut's internal control over financial reporting and compliance.

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

West Hartford, Connecticut  
December 20, 2018

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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, 2018. 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 \$87.9 million (net position). Of this amount, \$22.6 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- On a government-wide basis, during the year the Town's total net position increased by \$2.1 million (2.5%) to \$87.9 million.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$22.5 million, an increase of \$7.1 million in comparison with the prior fiscal year. This was primarily due to Bond Issuance for Capital Projects.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$11.6 million, or 21.0% of total General Fund expenditures and transfers.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is 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, together with information from the accompanying notes, 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, education and debt service.

## **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 utilize the current financial resources measurement focus. This means that the funds are presented with a 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 sixteen 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 combined Capital Projects Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in exhibit B1 and B2.

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 current year net position increased from \$85.7 million (restated) in fiscal year 2017 to \$87.9 million largely in part due to an increase in current assets. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town’s governmental activities. Note 14 discusses the adoption of GASB 75 and the need for a restatement of the 2017 Net Position.

**TABLE 1  
NET POSITION  
In Thousands**

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017 (as Restated)</b>
Current and other assets	\$ 40,133	\$ 35,873
Capital assets, net of accumulated depreciation	91,028	89,524
Total assets	<u>131,161</u>	<u>125,397</u>
Deferred outflows of resources	<u>2,095</u>	<u>3,884</u>
Long-term debt outstanding	34,506	32,005
Other liabilities	8,649	11,460
Total liabilities	<u>43,155</u>	<u>43,465</u>
Deferred inflows of resources	<u>2,246</u>	<u>67</u>
Net Position:		
Net investment in capital assets	65,248	65,367
Restricted	4	4
Unrestricted	<u>22,603</u>	<u>20,378</u>
Total Net Position	<u>\$ 87,855</u>	<u>\$ 85,749</u>

Net position of the Town’s governmental activities increased by 2.5%. Unrestricted net position is 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.

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

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Revenues:		
Program revenues:		
Charges for services:	\$ 7,442	\$ 5,954
Operating grants and contributions	18,803	17,305
Capital grants and contributions	44	1,115
General revenues:		
Property taxes	35,235	33,463
Grants and contributions not restricted to specific purposes	3,920	3,882
Investment income	202	115
Miscellaneous	145	176
Total revenues	65,791	62,010
Expenses:		
General government	2,675	2,531
Public safety	6,063	5,046
Public works	7,588	5,765
Health and welfare	554	525
Recreation	1,175	1,155
Education	44,901	43,031
Interest on long-term debt	728	415
Total program expenses	63,684	58,468
Increase in Net Position	\$ 2,107	\$ 3,542

**Governmental Activities**

Approximately 53.6% of the revenues were derived from property taxes, followed by 28.6% from operating grants and contributions, and 11.3% charges for services. The remaining 6.5% was derived from other types of grants, investment earnings, and miscellaneous revenue.

Major revenue and expenditure factors included:

- Due to the delay in the adoption of the State of Connecticut budget by the legislature, the Town did not approve the fiscal 2018 budget until January 2, 2018. The town operated under the prior year budget per Town Charter until the new budget was approved.
- Due to the delay in the adoption of the Town budget, \$679,000 was appropriated from unassigned fund balance through the Town Meeting process. The funds were used for various capital needs in advance of the approval of the fiscal year 2018 operating budget.
- The Town initiated a business personal property audit in 2018, conducted by an outside firm, that is expected to span two fiscal years.
- The Town was able to realize some cost savings in the Employee Benefits expenditures due to a decision by the Board of Finance to more actively manage the Medical Insurance Fund Balance.

- The Town issued a General Obligation Bond for \$7,885,000. The funds were used to pay for several capital projects including Roadway Infrastructure, School Improvements, and upgrades to the Water Pollution plant and pump stations.

Table 3 presents the cost of the Town's major 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General government	\$ 2,675	\$ 2,531	\$ (2,733)	\$ (1,058)
Public safety	6,063	5,046	5,532	4,662
Public works	7,588	5,765	3,910	2,810
Health and welfare	554	525	474	433
Recreation	1,175	1,155	782	744
Education	44,901	43,031	28,702	26,089
Interest	728	415	728	415
Totals	<u>\$ 63,684</u>	<u>\$ 58,468</u>	<u>\$ 37,395</u>	<u>\$ 34,095</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 \$22.5 million, which is an increase from last year's total of \$15.3 million. Approximately \$11.5 million of this total amount constitutes unassigned fund balance, which is available for spending at the Town's discretion. \$173 thousand is assigned as encumbrances and subsequent years' appropriations. \$9.1 million is committed to designated use. The remainder of fund balance, \$1.7 million is classified as either restricted or non-spendable to indicate that it is not available for liquidation due to external or legislative constraints.

### **General Fund Budgetary Highlights**

The General Fund is the operating fund of the Town. At the end of the current fiscal year, total fund balance and unassigned fund balance of the General Fund was \$11.7 million and \$11.6 million, respectively.

As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 21.0% of total General Fund expenditures and transfers. This is comfortably within the range of the Town's fund balance policy range of 18% to 25%. Both the total fund balance and unassigned fund balance of the Town's General Fund increased minimally during the fiscal year.

### **Sewer Administration Fund**

The total fund balance increased by approximately \$424 thousand. Income from sewer use charges stayed constant while there was an increase in collection of fees and other income. Expenditures increased by approximately 8%. The transfers out consisted of \$153 thousand to the General Fund for debt service, \$33 thousand to the General Fund to cover shared operating expenses, and \$379 thousand to the WPCA Capital fund.

### **Capital Projects Funds**

These funds account for financial resources to be used for the acquisition of major equipment, construction and upgrades of facilities, and Infrastructure improvements. Appropriations are made annually by the Board of Finance and citizen referendum pursuant to the Town Charter. Expenditures for capital projects and equipment for 2018 totaled \$3.3 million.

The Town continues with ongoing renovations and upgrade projects for Town Hall, and moves forward with existing sewer and road reconstruction projects. The Library had a new roof completed in the fiscal year as well. There have been various sidewalk improvements throughout town with a plan to add crosswalks and connect existing sidewalks along route 75.

The WPCA is in the process of completing a multi-year project that includes renovations and upgrades to the Dexter Pump Station, radio communication upgrades, and equipment and system upgrades at the WPCA treatment facility.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2018, 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 \$143 million and \$91 million net of accumulated depreciation.

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

	<b>Governmental</b>	
	<b>Activities</b>	
	<b>2018</b>	<b>2017</b>
Land	\$ 5,278	\$ 5,278
Construction in progress	7,573	13,238
Land improvements	1,737	1,790
Buildings	6,933	6,962
Building improvements	35,962	29,116
Machinery and equipment	6,209	5,697
Vehicles	2,966	2,916
Furniture and fixtures	564	159
Infrastructure	23,806	24,368
Totals	<u>\$ 91,028</u>	<u>\$ 89,524</u>

This year's major additions included:

- The completion of the High School Window Project
- WPCA equipment upgrades

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, 2018, the Town had general obligation bonded debt outstanding of \$23.2 million, with \$2.0 million due within the next year. The Town also had \$388 thousand of clean water notes with \$96 thousand due within one year. All of this debt comprises debt backed by the full faith and credit of the Town.

The Town renewed an "Aa1" rating from Moody's Investors Service for general obligation debt in the Fiscal Year. 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 \$231.8 million State-imposed limit.

The Town's total debt increased by a net of \$2.5 million. Total long-term debt is inclusive of General Obligation Bonds, Capital Leases, Net Pension Liability, OPEB (Other Post-Employment Benefits) liability, MERS service costs, compensated absences and Heart and Hypertension claims. 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**

According to the Connecticut Department of Labor, the October 2018 unemployment rate for the Town is currently 4.2%, remaining essential static from 4.3% a year ago. The Town has a higher rate than the Connecticut's average unemployment rate of 3.8%, and also higher than the National Average of 3.5% as of October 2018 (statistics are not seasonally adjusted).

The State of Connecticut continues to have an uncertain economic forecast with factors including balanced budgeting, the housing market, and debt issuance. The State's economic health has an impact on grants and funding sources received by municipalities from the State. In fiscal year 2018, the State legislature was delayed in approving the biennial budget, with the signature from the Governor not occurring until October 31<sup>st</sup>. Municipalities had a hard time estimating how much state aid would be received with wide discrepancies in the various proposed budgets. The Town of Windsor Locks, similar to other towns, delayed their budget process in an attempt to buffer against revenue shortfalls or overtaxing residents. According to the Charter, the Town operated under the prior year budget until the Fiscal Year 2018 budget was adopted. The Mill rate was held to the prior year rate, and formally set by the Board of Selectman in advance of the budget adoption to ensure adequate cash flows during the budget deliberation. This delay added additional complications when it came to capital expenditure budgeting. The Board of Finance, with approval at Town Meeting, met some of these immediate needs in advance of the formal budget adoption through the utilization of unassigned fund balance.

Fiscal year 2019 will see a change in Governor and the legislature, bringing with it uncertainties around how the state budget deficits will be met. The Town will continue to offer needed services to its citizens while remaining as fiscally prudent as possible.

Currently, the Town is in the process of a full revaluation for the October 1, 2018 assessment date. The town has contracted with an outside vendor that specializes in revaluations. The Town expects to see some growth in the Grand List from both the revaluation, and the efforts of the business personal property audits that are being conducted in fiscal year 2019.

The Town continues to take measures to improve the budget process, utilizing further collaboration between departments. This includes expanded analysis, and additional levels of review with internal management and outside expertise.

### **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, 2018**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 25,939,088
Investments	4,562,119
Receivables, net	6,318,505
Inventories	7,290
Brownfield note receivable	3,017,458
Net OPEB asset	288,354
Capital assets:	
Assets not being depreciated	12,850,760
Assets being depreciated, net	78,177,650
Total assets	<u>131,161,224</u>
<b>Deferred Outflows of Resources:</b>	
Deferred outflows related to pensions	1,948,026
Deferred charge on refunding	146,530
Total deferred outflows of resources	<u>2,094,556</u>
<b>Liabilities:</b>	
Accounts and other payables	4,930,987
Brownfield note payable	3,017,458
Unearned revenue	700,782
Noncurrent liabilities:	
Due within one year	2,539,464
Due in more than one year	31,966,204
Total liabilities	<u>43,154,895</u>
<b>Deferred Inflows of Resources:</b>	
Deferred inflows related to OPEB	2,156,370
Pension change in pension proportionate share	68,393
Advance property tax collections	20,802
Total deferred inflows of resources	<u>2,245,565</u>
<b>Net Position:</b>	
Net investment in capital assets	65,248,707
Restricted for trust purposes:	
Nonexpendable	3,835
Unrestricted	22,602,778
Total Net Position	<u>\$ 87,855,320</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, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental activities:					
General government	\$ 2,675,474	\$ 551,243	\$ 4,857,591	\$	\$ 2,733,360
Public safety	6,062,729	511,580	18,770		(5,532,379)
Public works	7,588,272	3,411,613	266,537		(3,910,122)
Health and welfare	553,657	44,551	34,917		(474,189)
Recreation	1,174,557	392,768			(781,789)
Education	44,900,964	2,530,575	13,624,691	43,515	(28,702,183)
Interest on long-term debt	727,998				(727,998)
<b>Total Governmental Activities</b>	<b>\$ 63,683,651</b>	<b>\$ 7,442,330</b>	<b>\$ 18,802,506</b>	<b>\$ 43,515</b>	<b>(37,395,300)</b>
General revenues:					
Property taxes					35,235,215
Grants and contributions not restricted to specific programs					3,920,050
Unrestricted investment earnings					202,265
Miscellaneous					144,365
Total general revenues					<u>39,501,895</u>
Change in net position					2,106,595
Net Position at Beginning of Year, as Restated					<u>85,748,725</u>
Net Position at End of Year					<u>\$ 87,855,320</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<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>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,283,855	\$ 1,894,918	\$ 6,781,269	\$ 1,091,330	\$ 1,467,467	\$ 20,518,839
Investments	3,228,860	1,329,424			3,835	4,562,119
Receivables, net	2,210,042	390,706		105,146	1,319,542	4,025,436
Due from other funds	2,225,726	21,791	749,428	693,277	163,221	3,853,443
Inventories					7,290	7,290
Total Assets	<u>\$ 16,948,483</u>	<u>\$ 3,636,839</u>	<u>\$ 7,530,697</u>	<u>\$ 1,889,753</u>	<u>\$ 2,961,355</u>	<u>\$ 32,967,127</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 2,175,002	\$ 212,253	\$ 281,706	\$ 467,171	\$ 1,101,328	\$ 4,237,460
Due to other funds	1,592,468		2,094,410		139,032	3,825,910
Unearned revenue	74,587			569,097	41,901	685,585
Total liabilities	<u>3,842,057</u>	<u>212,253</u>	<u>2,376,116</u>	<u>1,036,268</u>	<u>1,282,261</u>	<u>8,748,955</u>
Deferred Inflows of Resources:						
Advance property tax collections	20,802					20,802
Unavailable revenue - property taxes	1,307,223					1,307,223
Unavailable revenue - long-term receivable	53,473					53,473
Unavailable revenue - special assessments		382,622				382,622
Total deferred inflows of resources	<u>1,381,498</u>	<u>382,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,764,120</u>
Fund Balances:						
Nonspendable					10,290	10,290
Restricted			390,641	853,485	451,254	1,695,380
Committed		3,041,964	4,763,940		1,311,241	9,117,145
Assigned	172,709					172,709
Unassigned	11,552,219				(93,691)	11,458,528
Total fund balances	<u>11,724,928</u>	<u>3,041,964</u>	<u>5,154,581</u>	<u>853,485</u>	<u>1,679,094</u>	<u>22,454,052</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,948,483</u>	<u>\$ 3,636,839</u>	<u>\$ 7,530,697</u>	<u>\$ 1,889,753</u>	<u>\$ 2,961,355</u>	<u>\$ 32,967,127</u>

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**TOWN OF WINDSOR LOCKS, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2018**

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)	\$ 22,454,052
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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	\$ 142,990,203	
Less accumulated depreciation	<u>(51,961,793)</u>	
Net capital assets		91,028,410

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	1,307,223
Brownfield note receivable	3,017,458
Interest and lien receivable on property taxes	489,975
Assessments receivable	382,622
Interest and lien receivable on assessments	166,932
Net OPEB asset	288,354
Receivable from the state for school construction projects	53,473
Deferred outflow related to differences between pension projected and actual investment activity	551,669
Deferred outflow related to differences between pension projected and actual actuarial experience	263,746
Deferred outflow related to change in pension proportionate share	200,106
Deferred outflow related to pension contributions subsequent to the measurement date	932,505

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.

6,542,779

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

Brownfield note payable	(3,017,458)
Bonds and notes payable	(24,506,509)
Interest payable on bonds and notes	(222,625)
Compensated absences	(1,235,644)
Capital leases	(1,419,724)
Net pension liability	(7,198,203)
Payable to MERS	(43,088)
Deferred inflow related to differences between OPEB projected and actual actuarial experience	(2,125,181)
Deferred inflow related to differences between OPEB projected and actual investment experience	(31,189)
Deferred inflow related to change in pension proportionate share	(68,393)
Heart and hypertension	(102,500)
Deferred charge on refunding	<u>146,530</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 87,855,320</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, 2018**

	<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	\$ 34,848,569	\$	\$	\$	\$	\$ 34,848,569
Intergovernmental	18,193,549	3,144	43,515	1,380,963	3,213,533	22,834,704
Charges for services	1,431,346	2,621,353		2,135,538	1,081,776	7,270,013
Contributions					23,358	23,358
Income on investments	104,038	16,277	76,658		5,292	202,265
Other revenues	112,078	6,026			70,171	188,275
Total revenues	<u>54,689,580</u>	<u>2,646,800</u>	<u>120,173</u>	<u>3,516,501</u>	<u>4,394,130</u>	<u>65,367,184</u>
Expenditures:						
Current:						
General government	2,321,752				353,931	2,675,683
Public safety	4,767,033				398,015	5,165,048
Public works	2,444,005	1,566,300			2,256,829	6,267,134
Health and welfare	432,755				102,722	535,477
Recreation	841,175				240,798	1,081,973
Employee benefits and insurance	2,739,054					2,739,054
Education	37,129,891			3,263,316	945,786	41,338,993
Capital outlay		530,959	3,123,547			3,654,506
Debt service	3,067,135	91,339	152,718			3,311,192
Total expenditures	<u>53,742,800</u>	<u>2,188,598</u>	<u>3,276,265</u>	<u>3,263,316</u>	<u>4,298,081</u>	<u>66,769,060</u>
Excess (Deficiency) of Revenues over Expenditures	<u>946,780</u>	<u>458,202</u>	<u>(3,156,092)</u>	<u>253,185</u>	<u>96,049</u>	<u>(1,401,876)</u>
Other Financing Sources (Uses):						
Issuance of capital leases		530,959				530,959
Bond issuance			7,885,000			7,885,000
Bond premium issuance	134,788					134,788
Brownfield note proceeds					3,017,458	3,017,458
Brownfield note receivable issuance					(3,017,458)	(3,017,458)
Transfers in	215,205		1,553,467		50,337	1,819,009
Transfers out	(1,224,342)	(564,663)			(30,004)	(1,819,009)
Total other financing sources (uses)	<u>(874,349)</u>	<u>(33,704)</u>	<u>9,438,467</u>	<u>-</u>	<u>20,333</u>	<u>8,550,747</u>
Net Change in Fund Balances	72,431	424,498	6,282,375	253,185	116,382	7,148,871
Fund Balances at Beginning of Year	<u>11,652,497</u>	<u>2,617,466</u>	<u>(1,127,794)</u>	<u>600,300</u>	<u>1,562,712</u>	<u>15,305,181</u>
Fund Balances at End of Year	<u>\$ 11,724,928</u>	<u>\$ 3,041,964</u>	<u>\$ 5,154,581</u>	<u>\$ 853,485</u>	<u>\$ 1,679,094</u>	<u>\$ 22,454,052</u>

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**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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) \$ 7,148,871

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

Capital outlay	4,230,419
Depreciation expense	(2,679,671)

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. (45,934)

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	(150,699)
Brownfield note receivable - accrual basis change	3,017,458
Property tax receivable - accrual basis change	273,084
Property tax interest and lien receivable - accrual basis change	113,562
Sewer assessment receivable - accrual basis change	88,376
Net OPEB asset	288,354
Sewer assessment interest and lien receivable - accrual change	33,200
Change in deferred outflow related to pension differences between projected and actual investment activity	(1,898,807)
Change in deferred outflow related to pension differences between projected and actual actuarial experience	(95,176)
Change in deferred outflow related to changes in pension proportionate share	170,037
Change in deferred outflow related to pension contributions subsequent to the measurement date	58,522

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:

Brownfield note proceeds	(3,017,458)
Bond and note principal payments	2,099,389
Capital lease proceeds	(530,959)
Capital lease payments	479,116
Issuance of bonds	(7,885,000)
Premium on bond issuance	(134,788)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(186,487)
Net OPEB liability	2,080,298
Change in deferred inflow related to pension proportionate share	(68,393)
Change in deferred inflow related to OPEB differences between projected and actual actuarial experience	(2,125,181)
Change in deferred inflow related to OPEB differences between projected and actual investment experience	(31,189)
Accrued interest	(50,561)
Amortization of bond premiums	79,671
Amortization of payable to MERS	10,772
Amortization of deferred charge on refunding	(24,421)
Net pension liability	1,487,630

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.

(627,440)

Change in Net Position of Governmental Activities (Exhibit II) \$ 2,106,595

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
JUNE 30, 2018**

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	<b>Governmental Activities <u>Internal Service Fund</u></b>
Assets:	
Current:	
Cash and cash equivalents	\$ 5,420,249
Accounts receivable	1,636,162
Due from other funds	<u>3,719</u>
Total assets	<u>7,060,130</u>
Liabilities:	
Accounts payable	48,902
Claims payable	422,000
Unearned revenue	15,197
Due to other funds	<u>31,252</u>
Total liabilities	<u>517,351</u>
Net Position:	
Unrestricted	\$ <u><u>6,542,779</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<b>Governmental Activities <u>Internal Service Fund</u></b>
Operating Revenues:	
Premiums	\$ <u>4,205,813</u>
Operating Expenses:	
Claims	4,656,945
Administration	<u>241,847</u>
Total operating expenses	<u>4,898,792</u>
Operating Loss	(692,979)
Nonoperating Revenue:	
Income on investments	<u>65,539</u>
Change in Net Position	(627,440)
Net Position at Beginning of Year	<u>7,170,219</u>
Net Position at End of Year	\$ <u><u>6,542,779</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, 2018**

	<b>Governmental Activities Internal Service Fund</b>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 3,535,412
Cash payments to providers of benefits and administration	<u>(4,928,555)</u>
Net cash provided by (used in) operating activities	<u>(1,393,143)</u>
Cash Flows from Investing Activities:	
Income on investments	<u>65,539</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,327,604)
Cash and Cash Equivalents at Beginning of Year	<u>6,747,853</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,420,249</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ (692,979)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in due from other funds	2,445
(Increase) decrease in accounts receivable	(688,043)
Increase (decrease) in claims and accounts payable	(53,409)
Increase (decrease) in claims and unearned revenue	15,197
Increase (decrease) in due to other funds	<u>23,646</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (1,393,143)</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, 2018**

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	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$	\$ 341,425
Investments	3,626,686	
Accounts receivable	<u>8,338</u>	<u>                    </u>
Total assets	3,635,024	<u>\$ 341,425</u>
Liabilities:		
Accounts and other payables	<u>                    </u>	<u>\$ 341,425</u>
Net Position:		
Restricted for OPEB benefits	<u>\$ 3,635,024</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, 2018**

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	<b>OPEB Trust Fund</b>
Additions:	
Contributions:	
Employer	\$ 317,449
Other income	<u>35,730</u>
Total contributions	353,179
Investment income:	
Net change in fair value of investments	<u>253,562</u>
Total additions	606,741
Deductions:	
Benefits	<u>195,090</u>
Change in Net Position	411,651
Net Position - Beginning of Year	<u>3,223,373</u>
Net Position - End of Year	<u><u>\$ 3,635,024</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**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 last revised on January 1, 2003. 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, 2018**

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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, 2018**

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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 \$204,257 has been established as an allowance for uncollectible taxes. At June 30, 2018, this represents 10.7% of all property taxes receivable.

In the fund financial statements, all property taxes receivable at June 30, 2018, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60-day period have been recorded as revenue.

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

**F. Capital Assets**

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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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 reports deferred outflows related to pension in the government-wide statement of net position. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).

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 advance property tax collections and deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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revenue is associated. 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. Net Other Postemployment Benefits Other than Pensions (OPEB) Liability**

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB 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.

**K. 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.

## **L. Fund Equity**

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

### **Net Investment in Capital Assets**

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

### **Restricted Net Position**

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

### **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.

## **M. Estimates**

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

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

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

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

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

During the year, additional appropriations from fund balance approved at Town Meeting totaled \$679,000.

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 Cafeteria fund and the Commission on Needs of the Aging fund, nonmajor special revenue funds had fund deficits of \$72,942 and \$13,459, which will be financed by General Fund transfers and charges for services, respectively.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018**

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**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

**Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$14,033,670 of the Town’s bank balance of \$14,637,505 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,605,303
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,428,367</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 14,033,670</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**Cash Equivalents**

At June 30, 2018, the Town’s cash equivalents amounted to \$17,202,184. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

\*Not rated

**Investments**

As of June 30, 2018, 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	*	\$ 4,562,119	\$ <u>550,930</u>	\$ <u>4,011,189</u>	\$ <u>-</u>
Other investments:					
Mutual funds	n/a	<u>3,626,686</u>			
Total Investments		<u>\$ 8,188,805</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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**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, 2018, 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.

**Fair Value Measurements**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2018:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Mutual funds	\$ 3,626,686	\$ <u>3,626,686</u>	\$ <u>-</u>	\$ <u>-</u>
Total investments measured at fair value	3,626,686			
Certificates of deposit	<u>4,562,119</u>			
Total Investments	\$ <u>8,188,805</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**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	\$ 1,904,151	\$	\$	\$	\$ 1,904,151
Accounts	91,438	3,736		1,734,014	1,829,188
Sewer assessments		391,470			391,470
Intergovernmental	418,710		105,146	1,230,028	1,753,884
Gross receivables	<u>2,414,299</u>	<u>395,206</u>	<u>105,146</u>	<u>2,964,042</u>	<u>5,878,693</u>
Less allowance for uncollectibles	<u>(204,257)</u>	<u>(4,500)</u>			<u>(208,757)</u>
Net Total Receivables	<u>\$ 2,210,042</u>	<u>\$ 390,706</u>	<u>\$ 105,146</u>	<u>\$ 2,964,042</u>	<u>\$ 5,669,936</u>

Note: Above does not include accrued interest and liens on property taxes of \$489,975 and sewer use charges of \$166,932.

During the year ended June 30, 2018, the Town entered into a \$4,000,000 Brownfield Loan agreement with the State of Connecticut Department of Economic and Community Development, to redevelop the Montgomery Mill. The agreement requires the Town to make payments in accordance with a promissory note of \$25,161, inclusive of interest at 1% per annum, per month commencing 60 months after the initial funding was advanced to the Town. The outstanding principal, plus all accrued and unpaid interest on the note, shall be forgiven upon the issuance of a final certificate of occupancy for the entire project to the satisfaction of the State.

Additionally, the Town has entered into a mirrored agreement with BC Montgomery Mills LLC, a Connecticut Limited Liability Company (sub-recipient), whereby the sub-recipient is responsible to make payments to the Town that equal the amounts the Town is required to make to the State of Connecticut. Furthermore, the Town has agreed to forgive the loan with the sub-recipient upon the issuance of a final certificate of occupancy for the entire project.

As of June 30, 2018, the Town has recorded a Brownfield note receivable and a Brownfield note payable in the Statement of Net position for the Governmental Activities of \$3,017,458.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 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	\$ 5,277,647	\$	\$	\$	\$ 5,277,647
Construction in progress	13,237,509	(8,382,780)	2,718,384		7,573,113
Total capital assets not being depreciated	<u>18,515,156</u>	<u>(8,382,780)</u>	<u>2,718,384</u>	<u>-</u>	<u>12,850,760</u>
Capital assets being depreciated:					
Buildings	14,800,314		169,903		14,970,217
Building improvements	40,488,604	7,598,395	138,658		48,225,657
Land improvements	2,914,903	37,304			2,952,207
Machinery and equipment	15,122,508	365,393	751,171		16,239,072
Vehicles	6,308,215	5,975	383,488	(406,916)	6,290,762
Furniture and fixtures	259,358	372,946	68,815		701,119
Infrastructure	40,757,642	2,767			40,760,409
Total capital assets being depreciated	<u>120,651,544</u>	<u>8,382,780</u>	<u>1,512,035</u>	<u>(406,916)</u>	<u>130,139,443</u>
Less accumulated depreciation for:					
Buildings	(7,838,026)		(199,111)		(8,037,137)
Building improvements	(11,372,247)		(890,420)		(12,262,667)
Land improvements	(1,125,171)		(89,776)		(1,214,947)
Machinery and equipment	(9,425,507)		(604,573)		(10,030,080)
Vehicles	(3,392,292)		(293,656)	360,982	(3,324,966)
Furniture and fixtures	(100,680)		(36,577)		(137,257)
Infrastructure	(16,389,181)		(565,558)		(16,954,739)
Total accumulated depreciation	<u>(49,643,104)</u>	<u>-</u>	<u>(2,679,671)</u>	<u>360,982</u>	<u>(51,961,793)</u>
Total capital assets being depreciated, net	<u>71,008,440</u>	<u>8,382,780</u>	<u>(1,167,636)</u>	<u>(45,934)</u>	<u>78,177,650</u>
Governmental Activities Capital Assets, Net	<u>\$ 89,523,596</u>	<u>\$ -</u>	<u>\$ 1,550,748</u>	<u>\$ (45,934)</u>	<u>\$ 91,028,410</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 190,749
Public safety	374,282
Public works	1,045,919
Recreation	60,393
Education	<u>1,008,328</u>
Total	<u>\$ 2,679,671</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Individual fund interfund receivable and payable balances at June 30, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 2,093,315
	Internal Service Funds	31,252
	Nonmajor Governmental Funds	101,159
		<u>2,225,726</u>
Sewer Administration Fund	General Fund	<u>21,791</u>
Capital Projects Fund	General Fund	715,274
	Nonmajor Governmental Funds	34,154
		<u>749,428</u>
Education Grants Fund	General Fund	692,182
	Capital Projects Funds	1,095
		<u>693,277</u>
Nonmajor Governmental Funds	General Fund	<u>163,221</u>
Internal Service Fund	Nonmajor Governmental Funds	<u>3,719</u>
		<u>\$ 3,857,162</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>	<u>Nonmajor Governmental</u>	
Transfers out:				
General Fund	\$	\$ 1,174,005	\$ 50,337	\$ 1,224,342
Sewer Administration Fund	185,201	379,462		564,663
Nonmajor Governmental	<u>30,004</u>			<u>30,004</u>
Total Transfers In	<u>\$ 215,205</u>	<u>\$ 1,553,467</u>	<u>\$ 50,337</u>	<u>\$ 1,819,009</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, 2018**

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**7. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2018 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	\$ 17,360,000	\$ 7,885,000	\$ 2,005,000	\$ 23,240,000	\$ 2,005,000
Clean water notes	482,787		94,389	388,398	96,294
Bond premiums	822,994	134,788	79,671	878,111	
Total	<u>18,665,781</u>	<u>8,019,788</u>	<u>2,179,060</u>	<u>24,506,509</u>	<u>2,101,294</u>
Capital leases	1,367,881	530,959	479,116	1,419,724	323,616
Net pension liability	8,685,833		1,487,630	7,198,203	
Net OPEB liability*	2,080,298		2,080,298	-	
MERS prior service costs	53,860		10,772	43,088	10,772
Compensated absences	1,049,157	326,747	140,260	1,235,644	103,782
Heart and hypertension claims	<u>102,500</u>			<u>102,500</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 32,005,310</u>	<u>\$ 8,877,494</u>	<u>\$ 6,377,136</u>	<u>\$ 34,505,668</u>	<u>\$ 2,539,464</u>

\*amount restated - see Note 14

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

The following is a summary of bond and note issues at June 30, 2018:

<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, 2018</u>
Bonds/notes:					
Town:					
General obligation	10/4/2013	10/1/2028	2.0-4.1	\$ 2,775,000	\$ 2,028,560
Refunding bond	7/1/2014	8/1/2024	2.0-3.0	3,400,000	1,703,872
General obligation	3/16/2016	3/15/2036	2.0-4.0	2,941,500	2,645,810
General obligation	3/13/2018	3/15/2038	3.0-4.0	1,841,000	1,841,000
Schools:					
General obligation	10/4/2013	10/1/2028	2.0-4.1	1,965,000	1,436,440
Refunding bond	7/1/2014	8/1/2024	2.0-3.0	3,185,000	1,596,128
General obligation	3/16/2016	3/15/2036	2.0-4.0	6,608,500	5,944,190
General obligation	3/13/2018	3/15/2038	3.0-4.0	1,419,000	1,419,000
Sewer:					
Clean water loan	5/31/2003	5/31/2022	2.0	1,715,669	388,398
General obligation	3/13/2018	3/15/2038	3.0-4.0	4,625,000	4,625,000
					<u>\$ 23,628,398</u>

All long-term liabilities are generally liquidated by the General Fund.

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Notes</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 2,005,000	\$ 726,670	\$ 96,294	\$ 6,888	\$ 2,101,294	\$ 733,558
2020	1,730,000	662,837	98,238	4,945	1,828,238	667,782
2021	1,735,000	601,137	100,221	2,962	1,835,221	604,099
2022	1,740,000	541,994	93,645	939	1,833,645	542,933
2023	1,745,000	481,937			1,745,000	481,937
2024-2028	7,510,000	1,623,258			7,510,000	1,623,258
2029-2033	3,920,000	773,243			3,920,000	773,243
2034-2038	2,855,000	226,491			2,855,000	226,491
Total	<u>\$ 23,240,000</u>	<u>\$ 5,637,567</u>	<u>\$ 388,398</u>	<u>\$ 15,734</u>	<u>\$ 23,628,398</u>	<u>\$ 5,653,301</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**Bond Anticipation Notes**

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2018:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
3-23-17	3-22-18	2.00	\$ 8,810,000	\$ _____	\$ 8,810,000	\$ _____ -
			\$ 8,810,000	\$ _____ -	\$ 8,810,000	\$ _____ -

**Capital Projects**

As of June 30, 2018, the Town had authorized unissued bonds of \$6,258,483 available to fund capital projects.

**Debt Limit**

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

<u>Category</u>	<u>Debt Limitation</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 74,492,874	\$ 11,776,742	\$ 62,716,132
Schools	148,985,748	11,233,268	137,752,480
Sewers	124,154,790	6,823,398	117,331,392
Urban renewal	107,600,818		107,600,818
Pension deficit	99,323,832		99,323,832

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$231.8 million.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivables of \$53,473 for bond principal are reflected as deductions in the computation of net indebtedness.

**Capital Leases**

The Town has entered into several capital lease agreements for the purchase various equipment.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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The assets acquired through capital leases are as follows:

	<u>Amount</u>
Asset:	
Equipment	\$ 2,348,633
Less accumulated depreciation	<u>253,288</u>
 Total	 <u>\$ 2,095,345</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, 2018:

<u>Year Ending June 30</u>	
2019	\$ 348,554
2020	348,554
2021	348,555
2022	211,682
2023	120,342
Thereafter	<u>120,345</u>
Total minimum lease payments	1,498,032
Less amount representing interest	<u>(78,308)</u>
 Present Value of Future Minimum Lease Payment	 <u>\$ 1,419,724</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**8. FUND BALANCE**

The components of fund balance for governmental funds at June 30, 2018, 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					7,290	7,290
Restricted for:						
Capital projects			390,641			390,641
Grants				853,485	451,254	1,304,739
Committed to:						
Sewer assessment		3,041,964				3,041,964
Capital projects			4,763,940			4,763,940
General government					835	835
Public safety					175,401	175,401
Public works					987,815	987,815
Health and welfare					50,230	50,230
Recreation					96,960	96,960
Assigned to:						
General government - encumbrances	377					377
Public safety - encumbrances	469					469
Public works - encumbrances	243					243
Education - encumbrances	171,620					171,620
Unassigned	11,552,219				(93,691)	11,458,528
Total Fund Balances	<u>\$ 11,724,928</u>	<u>\$ 3,041,964</u>	<u>\$ 5,154,581</u>	<u>\$ 853,485</u>	<u>\$ 1,679,094</u>	<u>\$ 22,454,052</u>

Encumbrances of \$172,709 and \$24,908 are contained in the above table in the assigned category of the General Fund, and the restricted and committed categories of the capital projects fund, respectively.

**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. Settled claims have not exceeded coverage in any of the past three years and there has not been a significant reduction in coverage in the fiscal year July 1, 2017 to June 30, 2018.

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 individual covered persons exceeding \$125,000. 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.

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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:

<b>Medical Insurance Fund</b>	<b>Balance July 1</b>	<b>Current Year Claims And Changes In Estimates</b>	<b>Claims Payments</b>	<b>Balance June 30</b>
2016-2017	\$ 351,000	\$ 4,648,903	\$ 4,653,903	\$ 346,000
2017-2018	346,000	4,656,945	4,580,945	422,000

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](http://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 active service, or 15 year of active non-continuous aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service under certain conditions.

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**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.

If any member covered by social security retires before age 62, the member's benefit until the member reaches age 62, or a social security disability award is received, is computed as if the member is not under social security.

**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. 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 - 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.

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

At June 30, 2018, the Town reports a total liability of \$7,351,192 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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2018, the Town's proportion was 2.6% which represents no change in proportion from June 30, 2017.

For the year ended June 30, 2018, the Town recognized pension expense of \$2,142,327 in Exhibit II. At June 30, 2018, the Town reported deferred outflows 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	\$ 551,669	\$
Change in proportionate share	200,106	(68,393)
Net difference between projected and actual actuarial experience	263,746	
Town contributions subsequent to the measurement date	<u>932,505</u>	
Total	<u>\$ 1,948,026</u>	<u>\$ (68,393)</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 outflows of resources related to pension will be recognized in pension expense as follows:

**Year Ending June 30**

2019	\$ 315,211
2020	658,225
2021	279,740
2022	(306,048)

**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, 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).

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The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 - June 30, 2012.

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

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>
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	<u>100.0%</u>	

**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.

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**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:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Town’s Proportionate Share of the Net Pension Liability (Asset) \$	18,117,934 \$	7,351,192 \$	(1,712,010)

**H. Payable to MERS**

The Town has also recorded \$43,088 as a long-term payable to MERS at June 30, 2018. This amount represents prior service costs calculated when the Town entered the plan.

*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](http://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.

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**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.

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.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

At June 30, 2018, 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>51,274,308</u>
Total	\$	<u>51,274,308</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. At June 30, 2018, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$5,930,940 in Exhibit II for on-behalf amounts for the benefits provided by the State.

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**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (Non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	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 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.

Management of the post employment benefits plan is vested with the Director of Finance. Policy oversight is provided by the OPEB Board of Trustees, which consists of seven members: 2 Board of Finance members, 1 Board of Education Member, 1 Board of Selectman member, The Superintendent of Schools, The Board of Education Business Manager and the Finance Director.

At July 1, 2017, plan membership consisted of the following:

**Year Ending June 30**

2019	\$	315,211
2020		658,225
2021		279,740
2022		(306,048)

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**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 retirees receiving coverage is dependent upon the negotiated union contract in effect at the date of retirement.

*Board of Education Employees*

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. Investments**

**Investment Policy**

The OPEB Plan’s policy in regard to the allocation of invested assets is established and may be amended by the OPEB Board of Trustees by a majority vote of its members. It is the policy of the OPEB Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The investment policy of the OPEB Board of Trustees aims to monitor the portfolio for positive performance measures while maintaining a low acceptable risk.

**Rate of Return**

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 7.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**E. Net OPEB Liability of the Town**

The Town’s net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the Town at June 30, 2018 were as follows:

Total OPEB liability	\$	3,346,670
Plan fiduciary net position		<u>3,635,024</u>
Net OPEB Liability	\$	<u><u>(288,354)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		108.62%

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**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Investment rate of return	6.50%, net of investment expenses
Healthcare cost trend rates	7.50% for 2017, decreasing by 0.50% per year down to 5.00% in 2021 and beyond

Mortality rates for all employees except Police were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2017.

Mortality rates for Police were based on the RP-2014 Adjusted to 2006 Blue Collar Mortality Table, projected to the valuation date with Scale MP-2017.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed as of June 30, 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the OPEB plan's target asset allocation. The information below is based on arithmetic means. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Government/Credit Fixed Income	9.70 %	1.95
US Aggregate Bonds	16.05	1.83
TIPS	3.40	-
60% US Large & 40% US Aggregate Bonds	10.00	3.52
US High Yield Bonds	4.85	3.25
US Large Cap	33.65	4.65
US Mid Cap	7.55	5.50
US Small Cap	2.10	5.50
International Equity	11.05	5.50
EM Equity	1.65	6.50
<b>Total</b>	<b>100.00 %</b>	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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**F. Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2017	\$ 5,303,671	\$ 3,223,373	\$ 2,080,298
Changes for the year:			
Service cost	185,494		185,494
Interest on total OPEB liability	350,555		350,555
Differences between expected and actual experience	(2,297,960)		(2,297,960)
Employer contributions		317,449	(317,449)
Contributions TRB subsidy		35,730	(35,730)
Net investment income (loss)		253,562	(253,562)
Benefit payments	(195,090)	(195,090)	-
Net changes	<u>(1,957,001)</u>	<u>411,651</u>	<u>(2,368,652)</u>
Balances as of June 30, 2018	<u>\$ 3,346,670</u>	<u>\$ 3,635,024</u>	<u>\$ (288,354)</u>

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.5%) than the current discount rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net OPEB Liability (Asset)	\$ 16,863	\$ (288,354)	\$ (556,949)



**Teachers Retirement Plan**

**A. Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**B. Benefit Provisions**

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

- Medicare Supplement with Prescriptions \$ 92
- Medicare Supplement with Prescriptions and Dental \$136
- Medicare Supplement with Prescriptions, Dental, Vision & Hearing \$141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

### **Survivor Health Care Coverage**

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

### **C. Eligibility**

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

#### **Credited Service**

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

#### **Normal Retirement**

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.

#### **Early Retirement**

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

#### **Proratable Retirement**

Age 60 with 10 years of Credited Service.

#### **Disability Retirement**

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

#### **Termination of Employment**

Ten or more years of Credited Service.

### **D. Contributions**

#### *State of Connecticut*

Per Connecticut General Statutes Section 10-183z, 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. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

#### *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, 2018**

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*Employees*

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

**E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB 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 OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>13,197,410</u>
Total	<u>\$ 13,197,410</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$611,635 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**F. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

**G. Discount Rate**

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

**H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate**

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

**I. 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. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

**12. TAX ABATEMENTS**

As of June 30, 2018 the Town entered into Tax Assessment Agreements with electric generating facilities which provide real and personal property tax abatements for real and personal property improvements pursuant to Connecticut General Statutes Section 32-71(a)a and 32-71(e). The agreements are entered into by the Town and are approved by the Town Meeting. The abatements are obtained pursuant to a contract between the Town and the owner of the property. The agreements fix the assessment value prior to improvement and defer the increase in the assessed value attributable to the construction/renovation over a period not to exceed five years. Continuation of the agreement is conditioned upon continued compliance with the provisions of the agreement and is terminated upon sale or transfer of the property for any other purpose unless the Town has consented thereto. For the fiscal year ended June 30, 2018, taxes abated through this program total \$128,062. There are provisions to recapture abated taxes under this program if the company ceases operations at the facility within twenty years of signing the agreement. No other commitments have been made by the Town to the abatement recipients under this program.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**13. 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.

**14. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT**

The following restatements were recorded to the beginning of the year net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Net position at July 1, 2017, as previously reported	\$	87,322,182
Adjustments:		
Eliminate net OPEB obligation reported per GASB No. 45		506,841
Record Net OPEB liability per GASB No. 75		<u>(2,080,298)</u>
Net Position at July 1, 2017, as Restated	\$	<u><u>85,748,725</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, 2018**

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Property Taxes:				
Current taxes	\$ 31,937,329	\$ 31,937,329	\$ 30,621,203	\$ (1,316,126)
Supplemental taxes	1,200,000	1,200,000	2,040,844	840,844
Prior year taxes	1,025,000	1,025,000	1,518,136	493,136
Interest and lien fees	450,000	450,000	594,043	144,043
Telephone access line	44,000	44,000	35,311	(8,689)
Housing authority in lieu of tax	34,000	34,000	39,032	5,032
Total property taxes	<u>34,690,329</u>	<u>34,690,329</u>	<u>34,848,569</u>	<u>158,240</u>
Intergovernmental:				
General government:				
In lieu of tax, State Property	25,283	25,283	25,283	-
In lieu of tax, Airport	3,319,685	3,319,685	3,319,686	1
Elderly circuit breaker	50,000	50,000		(50,000)
Totally Disabled Grants	250	250	489	239
Capital improvement program	142,213	142,213		(142,213)
Veterans' Exemptions	4,500	4,500	8,925	4,425
Office of Emergency Management	6,000	6,000	6,287	287
Off Track Betting/Teletheater	400,000	400,000	406,039	6,039
Mashantucket Pequot/Mohegan Grant	420,787	420,787	420,787	-
Municipal Revenue Sharing	1,907,971	1,907,971	1,907,971	-
Senior Center Transportation Grant	14,368	14,368	14,368	-
State Shared Tax Revenue	145,369	145,369	145,369	-
Youth Services	14,000	14,000	14,000	-
Total general government	<u>6,450,426</u>	<u>6,450,426</u>	<u>6,269,204</u>	<u>(181,222)</u>
Education:				
Educational Cost Sharing	4,624,638	4,624,638	4,673,268	48,630
School Building Grants	154,274	154,274	208,502	54,228
Total education	<u>4,778,912</u>	<u>4,778,912</u>	<u>4,881,770</u>	<u>102,858</u>
Total intergovernmental	<u>11,229,338</u>	<u>11,229,338</u>	<u>11,150,974</u>	<u>(78,364)</u>

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Charges for Services:				
Conveyance tax	\$ 210,000	\$ 210,000	\$ 238,480	\$ 28,480
Town Clerk's Office	90,000	90,000	96,830	6,830
Building permits	543,000	543,000	617,221	74,221
Zoning Board of Appeals	1,500	1,500	431	(1,069)
Planning and Zoning	4,000	4,000	3,200	(800)
Other licenses and permits	10,000	10,000	7,202	(2,798)
Trash haulers permits	1,800	1,800	3,300	1,500
Assessors Office	100	100	110	10
Inland Wetland fees	1,000	1,000	883	(117)
Fire Marshall application fees	75,000	75,000	115,086	40,086
Tobacco valley probate cost share	15,200	15,200	14,744	(456)
Superior Court	11,000	11,000	8,137	(2,863)
Parking tickets	3,400	3,400	4,615	1,215
Airplane registration fees	50,000	50,000	55,200	5,200
Tuitions	4,300	4,300	4,401	101
Park Revolving Fund	134,230	134,230	134,229	(1)
Police accident reports	2,000	2,000	2,054	54
Senior Citizen Mini-bus fee	3,800	3,800	3,735	(65)
Rent from schools	2,500	2,500	1,775	(725)
Tower rental	105,000	105,000	119,713	14,713
Town auction	1	1		(1)
Total charges for services	<u>1,267,831</u>	<u>1,267,831</u>	<u>1,431,346</u>	<u>163,515</u>
Investment Income:				
Income on investments	<u>75,000</u>	<u>75,000</u>	<u>104,038</u>	<u>29,038</u>
Other Revenues:				
Miscellaneous receipts	75,000	75,000	92,824	17,824
Recycling program	2,000	2,000	40,078	38,078
Foreign Trade Zone	400	400		(400)
Workers' Compensation	10,000	10,000	13,083	3,083
Total other revenues	<u>87,400</u>	<u>87,400</u>	<u>145,985</u>	<u>58,585</u>
Total revenues	<u>47,349,898</u>	<u>47,349,898</u>	<u>47,680,912</u>	<u>331,014</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, 2018**

	<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	\$ 183,900	\$ 183,900	\$ 185,201	\$ 1,301
Police reimbursement	30,000	30,000	30,000	-
James DeForest Phelps fund	3	3	4	1
Total other financing sources	<u>213,903</u>	<u>213,903</u>	<u>215,205</u>	<u>1,302</u>
Total	\$ <u>47,563,801</u>	\$ <u>47,563,801</u>	47,896,117	\$ <u>332,316</u>

Budgetary revenues are different than GAAP revenues because:

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

5,930,940

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

611,635

The Town does not budget for bond premium revenue

134,788

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

500,000

Cancellation of prior year encumbrances are recognized as budgetary revenue.

(33,907)

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

\$ 55,039,573

**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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
Assessor	\$ 307,071	\$ 307,071	\$ 276,001	\$ 31,070
Auditing Services	42,102	42,102	39,876	2,226
Board of Assessment Appeals	1,279	1,279	1,034	245
Board of Finance	7,439	7,992	7,789	203
Board of Selectmen	171,259	171,481	170,063	1,418
Building Official	273,163	296,038	289,075	6,963
Capital Improvement Advisory Commission	414	484	418	66
Conservation Commission	3,112	3,112	2,147	965
Contingency Fund	212,765	162		162
Economic Development Commission	28,659	22,535	19,643	2,892
Finance Department	248,094	248,094	241,271	6,823
General expense all buildings	22,600	25,376	25,376	-
Historical Commission	2,605	2,605	2,200	405
Holiday observance	3,000	3,000	2,800	200
Human Resource	57,787	57,787	56,301	1,486
Information Technologies	94,724	110,779	110,715	64
Inland/Wetlands Agency	3,471	3,471	3,111	360
Municipal associations	20,932	20,932	20,932	-
Planning and Zoning Commission	9,561	17,061	15,195	1,866
Probate Court	21,050	21,050	19,214	1,836
Registrar of Voters	45,399	44,511	38,131	6,380
Senior Center	96,891	94,172	91,204	2,968
Tax Collector	216,995	433,830	427,088	6,742
Town Clerk	143,923	143,701	141,301	2,400
Town Counsel	73,000	66,874	50,850	16,024
Town Engineer	80,000	104,614	104,613	1
Town Office Building	162,514	161,946	160,623	1,323
Town Treasurer	200	200	200	-
Train Station	1,032	1,032	1,002	30
Zoning Board of Appeals	5,179	5,179	3,220	1,959
Total general government	<u>2,356,220</u>	<u>2,418,470</u>	<u>2,321,393</u>	<u>97,077</u>
Public safety:				
Ambulance Association	9,000	9,000	9,000	-
Fire Commission	352,515	332,234	313,052	19,182
Fire Marshal	71,603	71,026	64,623	6,403
Marine services	300	300		300
Nine bay garage/safety complex	2,300	7,977	7,473	504
Office of Emergency Management	28,558	28,558	26,595	1,963
Police	3,510,482	3,499,482	3,479,373	20,109
Animal control	6,130	6,254	6,204	50
Safety Complex	159,799	162,197	160,966	1,231
Water main/street lighting	715,000	705,071	703,143	1,928
Total public safety	<u>4,855,687</u>	<u>4,822,099</u>	<u>4,770,429</u>	<u>51,670</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Landfill/refuse removal	\$ 939,577	\$ 949,562	\$ 947,675	\$ 1,887
Public Works Department	1,356,639	1,392,655	1,392,538	117
Public Works Garage	27,716	28,604	28,602	2
Snow removal	61,500	70,538	70,360	178
Spring Street Garage	8,750	8,750	8,110	640
Total public works	<u>2,394,182</u>	<u>2,450,109</u>	<u>2,447,285</u>	<u>2,824</u>
Health and welfare:				
Commission on Needs of the Aging	218,499	218,499	212,218	6,281
Outside services	105,236	105,236	105,235	1
Social services	58,009	63,395	62,693	702
Youth Service Bureau	67,985	67,985	50,667	17,318
Total health and welfare	<u>449,729</u>	<u>455,115</u>	<u>430,813</u>	<u>24,302</u>
Recreation:				
Parks and recreation	379,159	379,159	366,983	12,176
Public library	474,193	474,193	474,193	-
Total recreation	<u>853,352</u>	<u>853,352</u>	<u>841,176</u>	<u>12,176</u>
Employee benefits and insurance:				
Employee benefits	2,380,935	2,300,749	2,262,913	37,836
Insurance and bonds	462,000	476,211	476,141	70
Total employee benefits and insurance	<u>2,842,935</u>	<u>2,776,960</u>	<u>2,739,054</u>	<u>37,906</u>
Education	<u>30,191,187</u>	<u>30,140,850</u>	<u>29,954,649</u>	<u>186,201</u>
Debt service:				
Bond redemption	2,422,273	2,422,273	2,397,660	24,613
Interest	679,231	679,231	669,475	9,756
Total debt service	<u>3,101,504</u>	<u>3,101,504</u>	<u>3,067,135</u>	<u>34,369</u>
Total expenditures	<u>47,044,796</u>	<u>47,018,459</u>	<u>46,571,934</u>	<u>446,525</u>

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**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, 2018**

	<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	\$ 519,005	\$ 1,174,005	\$ 1,174,005	\$ -
Nonmajor Governmental Funds		50,337	50,337	-
Total other financing uses	<u>519,005</u>	<u>1,224,342</u>	<u>1,224,342</u>	<u>-</u>
Total	<u>\$ 47,563,801</u>	<u>\$ 48,242,801</u>	47,796,276	<u>\$ 446,525</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf pension payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted. 5,930,940

State of Connecticut on-behalf OPEB contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted. 611,635

The Board of Education does not budget for intergovernmental grants received, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes. 500,000

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. 128,291

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 54,967,142

**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, 2018**

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:				
Sewer use charges and interest	\$ 1,860,000	\$ 1,860,000	\$ 2,258,954	\$ 398,954
Fees	26,750	26,750	362,399	335,649
Investment income	12,500	12,500	16,277	3,777
Intergovernmental			3,144	3,144
Miscellaneous			6,026	6,026
Total revenues	<u>1,899,250</u>	<u>1,899,250</u>	<u>2,646,800</u>	<u>747,550</u>
Expenditures:				
Salaries	691,460	640,246	634,536	5,710
Fringe benefits	268,512	252,292	237,146	15,146
Overtime	38,500	43,135	43,136	(1)
Audit and legal fees	14,775	14,775	12,255	2,520
Chemicals/chlorine	87,097	74,686	71,894	2,792
Contingency	10,000	10,000		10,000
Debt service	91,339	91,339	91,339	-
Electricity	181,000	169,965	167,110	2,855
Equipment rental/hauling	6,192	6,192	4,460	1,732
Fuel, oil, natural gas	22,435	22,435	20,619	1,816
Gasoline and diesel	7,723	7,860	5,068	2,792
Insurance	52,664	54,472	54,472	-
Lab equipment	26,570	32,527	32,527	-
Manholes	2,500	2,500	2,452	48
Mechanical maintenance	41,500	66,292	66,292	-
Outside services	25,392	27,657	27,657	-
Safety training	1,000	1,000		1,000
Sewer line maintenance	19,029	17,579	16,838	741
Sludge disposal	79,000	85,454	79,795	5,659
Supplies	37,425	35,160	32,702	2,458
Telephone	5,494	6,227	6,227	-
User fee administration	17,492	27,127	27,127	-
Vehicle parts, repairs	9,000	10,450	10,450	-
Water	9,424	13,537	13,537	-
Total expenditures	<u>1,745,523</u>	<u>1,712,907</u>	<u>1,657,639</u>	<u>55,268</u>
Excess of Revenues over Expenditures	153,727	186,343	989,161	802,818
Other financing uses:				
Transfers out	<u>(508,513)</u>	<u>(566,884)</u>	<u>(564,663)</u>	<u>2,221</u>
Net Change in Fund Balance	\$ <u>(354,786)</u>	\$ <u>(380,541)</u>	424,498	\$ <u>805,039</u>
Fund Balance at Beginning of Year			<u>2,617,466</u>	
Fund Balance at End of Year			\$ <u>3,041,964</u>	

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

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>
Town's proportion of the net pension liability	2.61%		2.61%		3.06%		4.30%
Town's proportionate share of the net pension liability	\$ 7,198,203	\$	8,685,833	\$	5,898,563	\$	4,240,461
Town's covered-employee payroll	\$ 6,565,251	\$	6,322,648	\$	6,033,920	\$	6,033,920
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	109.64%		137.38%		97.76%		70.28%
Plan fiduciary net position as a percentage of the total pension liability	88.29%		88.29%		92.72%		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	26 years
Asset valuation method	5-year smoothed market

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 423,637	\$ 464,813	\$ 617,037	\$ 700,489	\$ 732,126	\$ 799,677	\$ 902,297	\$ 833,404	\$ 873,983	\$ 932,505
Contributions in relation to the actuarially determined contribution	<u>423,637</u>	<u>464,813</u>	<u>617,037</u>	<u>700,489</u>	<u>732,126</u>	<u>799,677</u>	<u>902,297</u>	<u>833,404</u>	<u>873,983</u>	<u>932,505</u>
Contribution Deficiency (Excess)	\$ <u>-</u>									
Covered-employee payroll	\$ 5,108,753	\$ 5,151,809	\$ 5,368,347	\$ 5,325,278	\$ 5,396,456	\$ 5,676,638	\$ 6,192,516	\$ 6,033,920	\$ 6,322,648	\$ 6,565,251
Contributions as a percentage of covered-employee payroll	8.29%	9.02%	11.49%	13.15%	13.57%	14.09%	14.57%	13.81%	13.82%	14.20%

**Notes to Schedule**

Valuation date: June 30, 2016  
Measurement date: June 30, 2017  
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: 8.0%, 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 FOUR FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	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>51,274,308</u>	<u>54,094,788</u>	<u>38,927,124</u>	<u>35,980,325</u>
Total	<u>\$ 51,274,308</u>	<u>\$ 54,094,788</u>	<u>\$ 38,927,124</u>	<u>\$ 35,980,325</u>
Town's covered payroll	\$ 15,900,319	\$ 14,366,597	\$ 13,614,238	\$ 14,344,121
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely 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, 2015.  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	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS**  
**LAST TWO FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	\$ 185,494	\$ 181,058
Interest	350,555	331,484
Differences between expected and actual experience	(2,297,960)	(91,675)
Benefit payments	<u>(195,090)</u>	<u>(159,517)</u>
Net change in total OPEB liability	(1,957,001)	261,350
Total OPEB liability - beginning	<u>5,303,671</u>	<u>5,042,321</u>
Total OPEB liability - ending	<u>3,346,670</u>	<u>5,303,671</u>
Plan fiduciary net position:		
Contributions - employer	317,449	787,285
Contributions - TRB subsidy	35,730	45,206
Net investment income	253,562	307,665
Benefit payments	<u>(195,090)</u>	<u>(159,517)</u>
Net change in plan fiduciary net position	411,651	980,639
Plan fiduciary net position - beginning	<u>3,223,373</u>	<u>2,242,734</u>
Plan fiduciary net position - ending	<u>3,635,024</u>	<u>3,223,373</u>
Net OPEB Liability (Asset) - Ending	<u>\$ (288,354)</u>	<u>\$ 2,080,298</u>
Plan fiduciary net position as a percentage of the total OPEB liability	108.62%	60.78%
Covered-employee payroll	\$ 23,435,557	\$ 24,860,113
Net OPEB liability as a percentage of covered-employee payroll	-1.23%	8.37%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OPEB  
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution (1)	\$ 597,850	\$ 609,360	\$ 443,010	\$ 454,196	\$ 375,382	\$ 386,014	\$ 349,769	\$ 360,756	\$ 425,085	\$ 430,226
Contributions in relation to the actuarially determined contribution	331,943	374,536	330,534	222,980	179,841	356,970	525,885	347,299	787,285	317,449
Contribution Deficiency (Excess)	<u>\$ 265,907</u>	<u>\$ 234,824</u>	<u>\$ 112,476</u>	<u>\$ 231,216</u>	<u>\$ 195,541</u>	<u>\$ 29,044</u>	<u>\$ (176,116)</u>	<u>\$ 13,457</u>	<u>\$ (362,200)</u>	<u>\$ 112,777</u>
Covered-employee payroll	\$ 24,096,139	\$ 24,096,139	\$ 23,952,238	\$ 23,952,238	\$ 22,136,805	\$ 22,136,805	\$ 24,194,757	\$ 24,194,757	\$ 24,860,113	\$ 23,435,557
Contributions as a percentage of covered-employee payroll	1.38%	1.55%	1.38%	0.93%	0.81%	1.61%	2.17%	1.44%	3.17%	1.35%

(1) Actuarially Determined Contributions prior to fiscal year ended June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

**Notes to Schedule**

Valuation date: July 1, 2017

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level percentage of salary
Amortization period	20 years
Asset valuation method	Plan assets equal the Market Value of assets
Inflation	2.60%
Healthcare cost trend rates	7.50% in 2017 decreasing 0.50% per year to 5.00% in 2021 and beyond
Investment rate of return	6.50%, net of investment-related and administrative expenses
Retirement age	In the 2017 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	All except Police - RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2017. Police - RP-2014 Adjusted to 2006 Blue Collar Mortality Table, projected to the valuation date with Scale MP-2017.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
OPEB  
LAST TWO FISCAL YEARS\***

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	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	7.71%	13.34%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	<b>2018</b>
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>13,197,410</u>
Total	<u>\$ 13,197,410</u>
Town's covered payroll	\$ 15,900,319
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate.  Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.  As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

\* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,283,855	\$ 5,578,487
Investments	3,228,860	3,011,690
Property taxes receivable, net of allowance for \$204,257 in 2018 and \$117,991 in 2017	1,699,894	1,214,530
Accounts receivable	510,148	548,109
Due from other funds	<u>2,225,726</u>	<u>4,043,296</u>
Total Assets	<u>\$ 16,948,483</u>	<u>\$ 14,396,112</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 2,175,002	\$ 1,190,746
Due to other funds	1,592,468	142,645
Unearned revenue	<u>74,587</u>	<u>105,007</u>
Total liabilities	<u>3,842,057</u>	<u>1,438,398</u>
Deferred inflows of resources:		
Advance property tax collections	20,802	66,906
Unavailable revenue - property taxes	1,307,223	1,034,139
Unavailable revenue - long-term receivable	<u>53,473</u>	<u>204,172</u>
Total deferred inflows of resources	<u>1,381,498</u>	<u>1,305,217</u>
Fund balance:		
Assigned	172,709	172,709
Unassigned	<u>11,552,219</u>	<u>11,479,788</u>
Total fund balance	<u>11,724,928</u>	<u>11,652,497</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 16,948,483</u>	<u>\$ 14,396,112</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
GENERAL FUND  
REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2018**

Grand List	Uncollected Taxes July 1, 2017	Current Tax Levy	Additions	Deductions	Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2018	
							Taxes	Interest and Lien Fees	Total		
2001	\$ 2,725	\$	\$	\$ 2,725	\$	\$ -	\$	\$	\$ -	\$ -	
2002	1,591					1,591			-	1,591	
2003	2,058					2,058			-	2,058	
2004	1,425					1,425			-	1,425	
2005	1,473					1,473			-	1,473	
2006	1,508		69	69		1,508			-	1,508	
2007	5,074					5,074			-	5,074	
2008	17,354		65	65		17,354	1,037	1,533	2,570	16,317	
2009	17,633		69	69		17,633	2,218	2,951	5,169	15,415	
2010	22,510			70		22,440	3,332	2,940	6,272	19,108	
2011	37,765			73		37,692	9,670	8,282	17,952	28,022	
2012	60,826		118	191		60,753	26,890	18,593	45,483	33,863	
2013	86,974		6,730	101		93,603	45,881	19,269	65,150	47,722	
2014	246,885		556,590	304,623	101,441	397,411	306,471	193,455	499,926	90,940	
2015	826,720		600,483	260,024		1,167,179	578,613	179,649	758,262	588,566	
Total prior years	1,332,521		1,164,124	568,010	101,441	1,827,194	974,112	426,672	1,400,784	853,082	
2016		33,987,773	654,501	926,316		33,715,958	32,664,889	149,222	32,814,111	1,051,069	
Total	\$ 1,332,521	\$ 33,987,773	\$ 1,818,625	\$ 1,494,326	\$ 101,441	\$ 35,543,152	33,639,001	575,894	34,214,895	\$ 1,904,151	
							Suspense Collections	18,521	15,683	34,204	
							Total	33,657,522	\$ 591,577	\$ 34,249,099	
							Prior year refunds expended:	266,835			
							Property taxes receivable considered available:				
							June 30, 2017	(180,391)			
							June 30, 2018	392,671			
							Total Taxes	\$ 34,136,637			

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018**

	<b>Special Revenue</b>					
	<u>Special Grants</u>	<u>Dog</u>	<u>Highway</u>	<u>School Cafeteria</u>	<u>Police Revolving</u>	<u>Parks and Recreation</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$	\$ 30,009	\$ 987,961	\$ 6,275	\$ 123,090	\$ 150,568
Investments						
Receivables, net	1,156,935	1,204		73,093	86,882	
Due from other funds	154,602	8,619				
Inventory				7,290		
<b>Total Assets</b>	<b>\$ 1,311,537</b>	<b>\$ 39,832</b>	<b>\$ 987,961</b>	<b>\$ 86,658</b>	<b>\$ 209,972</b>	<b>\$ 150,568</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 905,258	\$ 8,318	\$	\$ 149,242	\$ 6,654	\$ 31,688
Due to other funds	34,008		146		59,431	
Unearned revenue	9,623			10,358		21,920
<b>Total liabilities</b>	<b>948,889</b>	<b>8,318</b>	<b>146</b>	<b>159,600</b>	<b>66,085</b>	<b>53,608</b>
Fund Balances:						
Nonspendable				7,290		
Restricted	362,648					
Committed		31,514	987,815		143,887	96,960
Unassigned				(80,232)		
<b>Total fund balances</b>	<b>362,648</b>	<b>31,514</b>	<b>987,815</b>	<b>(72,942)</b>	<b>143,887</b>	<b>96,960</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,311,537</b>	<b>\$ 39,832</b>	<b>\$ 987,961</b>	<b>\$ 86,658</b>	<b>\$ 209,972</b>	<b>\$ 150,568</b>

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**TOWN OF WINDSOR LOCKS, CONNECTICUT  
 COMBINING BALANCE SHEET (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018**

	Special Revenue			Permanent Fund	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Human Services	Police Department Asset Forfeiture	James DeForest Phelps	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 26,724	\$ 54,234	\$ 88,606	\$	\$ 1,467,467
Investments				3,835	3,835
Receivables, net	1,288	140			1,319,542
Due from other funds					163,221
Inventory					7,290
<b>Total Assets</b>	<b>\$ 28,012</b>	<b>\$ 54,374</b>	<b>\$ 88,606</b>	<b>\$ 3,835</b>	<b>\$ 2,961,355</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 41,471	\$ 168	\$	\$	\$ 1,101,328
Due to other funds		3,976			139,032
Unearned revenue					41,901
<b>Total liabilities</b>	<b>41,471</b>	<b>4,144</b>	<b>-</b>	<b>-</b>	<b>1,282,261</b>
Fund Balances:					
Nonspendable				3,000	10,290
Restricted			88,606		451,254
Committed		50,230		835	1,311,241
Unassigned	(13,459)				(93,691)
<b>Total fund balances</b>	<b>(13,459)</b>	<b>50,230</b>	<b>88,606</b>	<b>3,835</b>	<b>1,679,094</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 28,012</b>	<b>\$ 54,374</b>	<b>\$ 88,606</b>	<b>\$ 3,835</b>	<b>\$ 2,961,355</b>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Special Revenue</u>					
	<u>Special Grants</u>	<u>Dog</u>	<u>Highway</u>	<u>School Cafeteria</u>	<u>Police Revolving</u>	<u>Parks and Recreation</u>
Revenues:						
Intergovernmental	\$ 2,462,869		\$ 263,393	\$ 470,082	\$ 383,901	\$ 258,539
Charges for services		5,924		388,861		
Contributions	17,178	120				
Income from investments	5,034		254			
Other revenues	70,171					
Total revenues	<u>2,555,252</u>	<u>6,044</u>	<u>263,647</u>	<u>858,943</u>	<u>383,901</u>	<u>258,539</u>
Expenditures:						
Current:						
General government	353,931					
Public safety	27,643	1,876			341,133	
Public works	2,163,217		93,612			
Health and welfare	17,700					
Recreation						240,798
Education				945,786		
Total expenditures	<u>2,562,491</u>	<u>1,876</u>	<u>93,612</u>	<u>945,786</u>	<u>341,133</u>	<u>240,798</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(7,239)</u>	<u>4,168</u>	<u>170,035</u>	<u>(86,843)</u>	<u>42,768</u>	<u>17,741</u>
Other Financing Sources (Uses):						
Brownfield note proceeds	3,017,458					
Brownfield note payments	(3,017,458)					
Transfers in				50,337		
Transfers out					(30,000)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,337</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balances	(7,239)	4,168	170,035	(36,506)	12,768	17,741
Fund Balances at Beginning of Year	<u>369,887</u>	<u>27,346</u>	<u>817,780</u>	<u>(36,436)</u>	<u>131,119</u>	<u>79,219</u>
Fund Balances at End of Year	<u>\$ 362,648</u>	<u>\$ 31,514</u>	<u>\$ 987,815</u>	<u>\$ (72,942)</u>	<u>\$ 143,887</u>	<u>\$ 96,960</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, 2018**

	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	\$	\$	\$ 17,189	\$	\$ 3,213,533
Charges for services	31,400	13,151			1,081,776
Contributions	6,060				23,358
Income from investments				4	5,292
Other revenues					70,171
Total revenues	<u>37,460</u>	<u>13,151</u>	<u>17,189</u>	<u>4</u>	<u>4,394,130</u>
Expenditures:					
Current:					
General government					353,931
Public safety			27,363		398,015
Public works					2,256,829
Health and welfare	37,274	47,748			102,722
Recreation					240,798
Education					945,786
Total expenditures	<u>37,274</u>	<u>47,748</u>	<u>27,363</u>	<u>-</u>	<u>4,298,081</u>
Excess (Deficiency) of Revenues over Expenditures	<u>186</u>	<u>(34,597)</u>	<u>(10,174)</u>	<u>4</u>	<u>96,049</u>
Other Financing Sources (Uses):					
Brownfield note proceeds					3,017,458
Brownfield note payments					(3,017,458)
Transfers in					50,337
Transfers out				(4)	(30,004)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>20,333</u>
Net Change in Fund Balances	186	(34,597)	(10,174)	-	116,382
Fund Balances at Beginning of Year	<u>(13,645)</u>	<u>84,827</u>	<u>98,780</u>	<u>3,835</u>	<u>1,562,712</u>
Fund Balances at End of Year	<u>\$ (13,459)</u>	<u>\$ 50,230</u>	<u>\$ 88,606</u>	<u>\$ 3,835</u>	<u>\$ 1,679,094</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUND - BY PROJECT  
 JUNE 30, 2018**

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Eliminations</u>	<u>Total Capital Projects Fund</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,219,949	\$ 2,032,451	\$ 3,528,869	\$	\$ 6,781,269
Due from other funds	<u>749,428</u>	<u>458,905</u>	<u></u>	<u>(458,905)</u>	<u>749,428</u>
Total Assets	<u>\$ 1,969,377</u>	<u>\$ 2,491,356</u>	<u>\$ 3,528,869</u>	<u>\$ (458,905)</u>	<u>\$ 7,530,697</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 119,536	\$ 7,400	\$ 154,770	\$	\$ 281,706
Due to other funds	<u>460,000</u>	<u>2,093,315</u>	<u></u>	<u>(458,905)</u>	<u>2,094,410</u>
Total liabilities	<u>579,536</u>	<u>2,100,715</u>	<u>154,770</u>	<u>(458,905)</u>	<u>2,376,116</u>
Fund Balances:					
Restricted		390,641			390,641
Committed	<u>1,389,841</u>	<u></u>	<u>3,374,099</u>	<u></u>	<u>4,763,940</u>
Total fund balances	<u>1,389,841</u>	<u>390,641</u>	<u>3,374,099</u>	<u>-</u>	<u>5,154,581</u>
Total Liabilities and Fund Balances	<u>\$ 1,969,377</u>	<u>\$ 2,491,356</u>	<u>\$ 3,528,869</u>	<u>\$ (458,905)</u>	<u>\$ 7,530,697</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, 2018**

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Total Capital Projects Fund</u>
Revenues:				
Intergovernmental	\$	\$ 43,515	\$	\$ 43,515
Income from investments	6,135	17,972	52,551	76,658
Total revenues	<u>6,135</u>	<u>61,487</u>	<u>52,551</u>	<u>120,173</u>
Expenditures:				
Capital outlay	1,248,347	576,448	1,298,752	3,123,547
Debt service	29,689		123,029	152,718
Total expenditures	<u>1,278,036</u>	<u>576,448</u>	<u>1,421,781</u>	<u>3,276,265</u>
Deficiency of Revenues over Expenditures	<u>(1,271,901)</u>	<u>(514,961)</u>	<u>(1,369,230)</u>	<u>(3,156,092)</u>
Other Financing Sources:				
Bond issuance		7,885,000		7,885,000
Transfers in	1,174,005		379,462	1,553,467
Total other financing sources	<u>1,174,005</u>	<u>7,885,000</u>	<u>379,462</u>	<u>9,438,467</u>
Net Change in Fund Balances	(97,896)	7,370,039	(989,768)	6,282,375
Fund Balances at Beginning of Year	<u>1,487,737</u>	<u>(6,979,398)</u>	<u>4,363,867</u>	<u>(1,127,794)</u>
Fund Balances at End of Year	<u>\$ 1,389,841</u>	<u>\$ 390,641</u>	<u>\$ 3,374,099</u>	<u>\$ 5,154,581</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets:				
Cash and cash equivalents:				
Student Activities Fund	\$ 219,184	\$ 314,692	\$ 310,731	\$ 223,145
Performance Bond Fund		128,326	10,046	118,280
C-PACE Clean Energy Fund		33,330	33,330	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 219,184</u>	<u>\$ 476,348</u>	<u>\$ 354,107</u>	<u>\$ 341,425</u>
Liabilities:				
Accounts payable:				
Student Activities Fund	\$ 219,184	\$ 314,692	\$ 310,731	\$ 223,145
Performance Bond Fund		128,326	10,046	118,280
C-PACE Clean Energy Fund		33,330	33,330	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>\$ 219,184</u>	<u>\$ 476,348</u>	<u>\$ 354,107</u>	<u>\$ 341,425</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
SEWER ADMINISTRATION FUND  
REPORT OF SEWER USE CHARGE COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2018**

List Year	Uncollected Charges July 1, 2017	Current Year Billings and Adjustments	Adjusted Charges Collectible	Collections			Uncollected Charges June 30, 2018
				Charges	Interest and Lien Fees	Total	
2006	\$ 113	\$	\$ 113	\$	\$	\$ -	\$ 113
2007	652		652			-	652
2008	2,231		2,231	165	88	253	2,066
2009	3,936		3,936	825	972	1,797	3,111
2010	6,446		6,446	1,313	1,768	3,081	5,133
2011	9,652		9,652	1,732	1,999	3,731	7,920
2012	14,597		14,597	2,966	2,692	5,658	11,631
2013	24,553		24,553	5,576	4,950	10,526	18,977
2014	40,269		40,269	10,331	6,331	16,662	29,938
2015	62,150		62,150	18,526	9,111	27,637	43,624
2016	134,147		134,147	47,830	14,256	62,086	86,317
Total prior years	298,746	-	298,746	89,264	42,167	131,431	209,482
2017		2,270,703	2,270,703	2,088,715	24,957	2,113,672	181,988
Total	\$ 298,746	\$ 2,270,703	\$ 2,569,449	\$ 2,177,979	\$ 67,124	\$ 2,245,103	\$ 391,470

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**JUNE 30, 2018**

Total tax collections (including interest and lien fees) for 2017 fiscal year						\$	<u>33,107,944</u>
Base						\$	<u>33,107,944</u>
		<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>		<b>Pension Deficit</b>
Debt limitation:							
2-1/4 times base	\$	74,492,874	\$	\$	\$	\$	
4-1/2 times base			148,985,748				
3-3/4 times base				124,154,790			
3-1/4 times base					107,600,818		
3 times base							99,323,832
Total debt limitation		<u>74,492,874</u>	<u>148,985,748</u>	<u>124,154,790</u>	<u>107,600,818</u>		<u>99,323,832</u>
Indebtedness:							
Bonds and notes payable		8,219,242	10,395,758	5,013,398			
Bonds authorized and unissued		3,557,500	890,983	1,810,000			
Less school building grants			(53,473)				
Net indebtedness		<u>11,776,742</u>	<u>11,233,268</u>	<u>6,823,398</u>	<u>-</u>		<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$	<u>62,716,132</u>	\$ <u>137,752,480</u>	\$ <u>117,331,392</u>	\$ <u>107,600,818</u>	\$	<u>99,323,832</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$231,755,608).

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
FOR THE YEAR ENDED JUNE 30, 2018  
PRINCIPAL TAXPAYERS**

<b>Name</b>	<b>Nature of Business</b>	<b>Taxable Valuation as of 10/1/16</b>	<b>Percent of Net Taxable Grand List*</b>
PV Holding /Avis Budget Group Inc	Car rental	\$ 64,987,575	5.37 %
United Technologies Corp / Pratt and Whitney	Manufacturing	55,176,681	4.56
AREH Windsor Locks LLC	Grocery wholesale	32,477,152	2.68
Algonquin Windsor Locks LLC	Utility	28,626,179	2.36
Hertz Vehicles LLC	Car rental	26,280,230	2.17
EAN Holdings LLC / Camrac	Car rental	25,816,180	2.13
LPRI Ella Grasso Tpk LLC	Valet parking	18,805,507	1.55
Ahlstrom Nonwovens LLC	Manufacturing	13,610,280	1.12
American Honda Motors Co Inc	Parts distribution center	13,127,980	1.08
CT Light and Power / Eversource	Utility	<u>12,354,833</u>	<u>1.02</u>
Total		\$ <u><u>291,262,597</u></u>	<u><u>24.04</u></u> %

\* Based on 10/01/16 Net Taxable Grand List of \$ 1,210,955,076

**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							
2018	2016	42.7	% 22.4	% 1.1	% 20.7	% 13.2	\$ 1,361,693	\$ 150,738	\$ 1,210,955	(3.8) %
2017	2015	40.6	20.1	1.3	22.4	15.7	1,418,126	159,067	1,259,059	6.9
2016	2014	42.9	21.3	1.4	22.4	12.1	1,338,047	160,752	1,177,295	(3.4)
2015	2013	42	21	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	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

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, 2018**

Bonded Debt:		
General purpose	\$	8,219,242
Schools		10,395,758
Sewers		<u>5,013,398</u>
Total bonded debt		23,628,398
Less school construction grants receivable		<u>(53,473)</u>
Total Overall Net Debt	\$	<u><u>23,574,925</u></u>

**CURRENT DEBT RATIOS  
FOR THE YEAR ENDED JUNE 30, 2018**

Population, 2016*	12,537
Per capita income, 2015**	34,035
Net taxable grand list, 10/1/16	1,210,955,076
Estimated full value @ 70%	1,729,935,823
Equalized net grand list, 2016***	1,900,652,209

	<b>Overall Debt</b>	<b>Overall Net Debt</b>
	<b>\$ 23,628,398</b>	<b>\$ 23,574,925</b>
Per capita	\$ 1,885	\$ 1,880
To net taxable grand list	1.95%	1.95%
To estimated full value @ 70%	1.37%	1.36%
To equalized net grand list, 2014	1.24%	1.24%
Ratio of debt per capita to per capita income	5.54%	5.52%

\* Connecticut Economic Resource Center, Inc.

\*\* State of Connecticut Department of Economic and Community Development

\*\*\* 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, 2018			
2018	2016	\$ 1,210,955	26.66	\$ 33,716	96.9	%	3.0	%	3.0	%
2017	2015	1,259,046	26.66	33,386	97.5		2.5		1.8	
2016	2014	1,177,295	26.79	32,877	98.3		1.9		0.3	
2015	2013	1,218,347	26.23	32,739	98.0		2.0		0.1	
2014	2012	1,269,831	24.54	32,307	98.1		1.8		0.1	
2013	2011	1,264,779	24.27	31,296	97.9		2.1		0.1	
2012	2010	1,238,538	23.40	29,700	97.8		2.2		0.1	
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		0.0	