

TOWN OF WINDSOR LOCKS, CONNECTICUT

FINANCIAL STATEMENTS
JUNE 30, 2020

TOWN OF WINDSOR LOCKS, CONNECTICUT
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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, 2020, 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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, 2019 (not presented herein), and have issued our report thereon dated December 19, 2019, 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, 2019 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 2019 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2019 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, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 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 14, 2020

**TOWN OF WINDSOR LOCKS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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, 2020. 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 \$90.0 million (net position). Of this amount, \$17.3 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 \$1.6 million to \$90.0 million.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$24.6 million, an increase of \$4.6 million in comparison with the prior fiscal year. This was primarily due to the issuance of long-term debt.
- At the close of the fiscal year, unassigned fund balance for the General Fund was \$15.2 million, or 26.4% 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 seventeen 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, combined Capital Projects Funds, and the Special Grants fund, 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

The Town maintains four fiduciary funds. These 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 by \$1.6 million from last fiscal year to fiscal year 2020. The unrestricted net position is the portion 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. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1
NET POSITION
In Thousands**

	Governmental Activities	
	2020	2019
Current and other assets	\$ 37,706	\$ 35,467
Capital assets, net of accumulated depreciation	97,271	94,732
Total assets	<u>134,977</u>	<u>130,199</u>
Deferred outflows of resources	<u>9,289</u>	<u>9,835</u>
Long-term debt outstanding	47,867	43,800
Other liabilities	3,158	5,319
Total liabilities	<u>51,025</u>	<u>49,119</u>
Deferred inflows of resources	<u>3,226</u>	<u>2,491</u>
Net Position:		
Net investment in capital assets	72,668	71,308
Restricted	50	4
Unrestricted	<u>17,297</u>	<u>17,112</u>
Total Net Position	<u>\$ 90,015</u>	<u>\$ 88,424</u>

TABLE 2
CHANGE IN NET POSITION
In Thousands

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services:	\$ 5,811	\$ 6,221
Operating grants and contributions	16,802	13,287
Capital grants and contributions	986	
General revenues:		
Property taxes	38,607	36,081
Grants and contributions not restricted to specific purposes	6,274	5,815
Investment income	698	650
Miscellaneous	210	234
Total revenues	<u>69,388</u>	<u>62,288</u>
Expenses:		
General government	3,405	2,957
Public safety	7,355	6,270
Public works	6,895	6,973
Health and welfare	602	565
Recreation	1,110	1,086
Education	47,808	43,185
Interest on long-term debt	622	683
Total program expenses	<u>67,797</u>	<u>61,719</u>
Increase in Net Position	<u>\$ 1,591</u>	<u>\$ 569</u>

Governmental Activities

Approximately 55.6% of the revenues were derived from property taxes, followed by 24.2% from operating grants and contributions, and 8.4% charges for services. The remaining 11.8% was derived from other types of grants, investment earnings, and miscellaneous revenue.

Major revenue and expenditure factors included:

- Long term debt was issued in March of 2020 for \$7,095,000. The debt was comprised of \$2,605,000 for refunding bonds, and \$4,490,000 in General Obligation Bonds.
- Emergency appropriations for \$25,000 and \$20,000 from Contingency and Undesignated Fund Balance respectively were made in order to cover spending related to COVID-19. As of June 30, 2020, the Town anticipates reimbursement from the State of Connecticut (in the form of a pass-through grant) and from FEMA for approximately 85% of the spending.
- Additional funds were awarded to the Town and Board of Education from various sources for other more specific uses related to COVID-19, including increased support provided to the community.

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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General government	\$ 3,405	\$ 2,957	\$ 2,092	\$ 498
Public safety	7,355	6,270	6,892	5,524
Public works	6,895	6,973	2,749	3,816
Health and welfare	602	565	491	483
Recreation	1,110	1,086	852	666
Education	47,808	43,185	30,500	30,540
Interest	622	683	622	684
Totals	<u>\$ 67,797</u>	<u>\$ 61,719</u>	<u>\$ 44,198</u>	<u>\$ 42,211</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 \$24.6 million, which is an increase from last year's total of \$19.8 million. Approximately \$14.1 million of this total amount constitutes unassigned fund balance, which is available for spending at the Town's discretion. Approximately \$99 thousand is assigned as encumbrances. \$6.2 million is committed to designated use. The remainder of fund balance, \$4.2 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 \$15.3 million and \$15.2 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 26.4% of total General Fund expenditures and transfers. This is slightly the range of the Town's fund balance policy target range of 18% to 25%. In compliance with the fund balance policy, the Town has budgeted the use of Undesignated Fund Balance for use in Capital Projects for Fiscal Year 2021 in anticipation of the increase.

Sewer Administration Fund

The total fund balance increased by approximately \$123 thousand. Income from sewer use charges decreased by 2% and there was a decrease in fees collected. The decrease in fees is largely due to the plant being closed to dumping during renovations, and the elimination of the collection of fees for dumping. Overall, revenue collections decreased. Expenditures increased by approximately 4.5%. The transfers out consisted of \$417 thousand to the General Fund for debt service, \$90 thousand to the General Fund to cover shared operating expenses, and \$324 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 2020 totaled \$4.5 million.

The Town continues with ongoing renovations and upgrade projects for Town Hall, and moves forward with existing sewer and road reconstruction projects. Roadway projects consist of reclaiming, grading, resurfacing, sanitary sewer replacements, and repair and modifications to drainage. The Town's 2020 roads include portions of Spring, Old County, Druid, Cortland, Briar Cliff, Sutton, and Sherwin. Roadway projects usually span more than one fiscal year, with portions of current and prior year projects being worked on in the year.

The WPCA continued the process of completing a multi-year project that includes renovations and upgrades to Pump Stations, radio communication upgrades, equipment and system upgrades at the treatment facility and Plant Improvements. Although these projects started prior to this fiscal year, there was significant progress made this fiscal year, which resulted in a significant uptick in spending.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, 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 \$154 million and \$97.3 million net of accumulated depreciation.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)
In Thousands

	Governmental Activities	
	2020	2019
Land	\$ 5,686	\$ 5,278
Construction in progress	16,917	12,763
Land improvements	1,637	1,774
Buildings	6,831	6,732
Building improvements	34,132	34,983
Machinery and equipment	5,781	5,965
Vehicles	3,129	2,984
Furniture and fixtures	488	1,022
Infrastructure	22,670	23,231
Totals	<u>\$ 97,271</u>	<u>\$ 94,732</u>

This year's major additions included:

- Library Energy Upgrades
- Noden Reed Barn Study
- Various equipment purchases

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, 2020, the Town had general obligation bonded debt outstanding of \$23.8 million, with \$2.0 million due within the next year. The Town also had \$194 thousand of clean water notes with \$100 thousand due within one year. All of this debt comprises debt backed by the full faith and credit of the Town.

The Town maintains a "AA+" rating from Standard & Poor's Global rating agency 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 \$252 million State-imposed limit.

The Town's total debt increased by a net of \$4.1 million. The March 2020 issuance of General Obligation and Refunding Debt comprised the majority of the increase. 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

As with all other municipalities across the country, The Town of Windsor Locks faces continued uncertainty with the ongoing COVID-19 pandemic, and subsequent devastation to small businesses and historic unemployment rates. Fortunately, as with other towns in Connecticut, the Town is largely dependent upon real property tax as a revenue source. The town does not collect sales, employment, or other local taxes that have seen a significant decline through the ongoing health and economic crisis.

The State of Connecticut has seen significant shortfalls in revenue due to COVID-19. The State's economic health has an impact on grants and funding sources received by municipalities from the State. At the time of issuance of these statements, the State legislature had not yet addressed changes to the biennial budget related to revenue shortfalls. The Town will continue to offer needed services to its citizens while remaining as fiscally prudent as possible.

The Town completed a full revaluation for the October 1, 2018 assessment date. The town contracted with an outside vendor that specializes in revaluations. Fiscal year 2020 was the first year that saw revenues generated from the increased Grand List. This grand list growth afforded the Town the ability to reduce the Mill rate in fiscal year 2020, while still seeing an increase in General Fund budgeted expenditures.

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, 2020

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 21,978,548
Investments	8,045,306
Receivables, net	3,613,050
Due from fiduciary fund	106,036
Inventories	13,645
Brownfield note receivable	3,799,999
Net OPEB asset	148,928
Capital assets:	
Assets not being depreciated	22,602,087
Assets being depreciated, net	<u>74,668,810</u>
Total assets	<u>134,976,409</u>
Deferred Outflows of Resources:	
Deferred outflows related to pensions	8,821,003
Deferred outflows relates to OPEB	331,199
Deferred charge on refunding	<u>136,804</u>
Total deferred outflows of resources	<u>9,289,006</u>
Liabilities:	
Accounts and other payables	2,719,885
Unearned revenue	437,923
Noncurrent liabilities:	
Due within one year	2,520,284
Due in more than one year	<u>45,346,286</u>
Total liabilities	<u>51,024,378</u>
Deferred Inflows of Resources:	
Deferred inflows related to OPEB	1,602,858
Deferred inflows related to pension	1,597,051
Advance property tax collections	<u>26,546</u>
Total deferred inflows of resources	<u>3,226,455</u>
Net Position:	
Net investment in capital assets	72,668,254
Restricted for trust purposes:	
Nonexpendable	49,395
Unrestricted	<u>17,296,933</u>
Total Net Position	<u>\$ 90,014,582</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, 2020**

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	\$ 3,405,343	\$ 419,581	\$ 893,504	\$	\$ (2,092,258)
Public safety	7,355,169	354,816	108,546		(6,891,807)
Public works	6,894,514	2,891,722	267,838	985,752	(2,749,202)
Health and welfare	602,095	73,301	37,755		(491,039)
Recreation	1,110,378	257,527	750		(852,101)
Education	47,807,525	1,814,068	15,493,496		(30,499,961)
Interest on long-term debt	622,126				(622,126)
Total Governmental Activities	\$ 67,797,150	\$ 5,811,015	\$ 16,801,889	\$ 985,752	(44,198,494)
General revenues:					
Property taxes					38,606,634
Grants and contributions not restricted to specific programs					6,273,895
Unrestricted investment earnings					698,168
Miscellaneous					210,356
Total general revenues					<u>45,789,053</u>
Change in net position					1,590,559
Net Position at Beginning of Year					<u>88,424,023</u>
Net Position at End of Year					<u>\$ 90,014,582</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Special Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 6,541,993	\$ 1,622,047	\$ 5,788,243	\$	\$ 3,885,559	\$ 17,837,842
Investments	6,581,241	1,460,230			3,835	8,045,306
Receivables, net	2,008,196	339,246	11,863	476,983	172,290	3,008,578
Due from other funds	3,564,294	1,875,078	257,032	50	681,628	6,378,082
Inventories					13,645	13,645
Total Assets	<u>\$ 18,695,724</u>	<u>\$ 5,296,601</u>	<u>\$ 6,057,138</u>	<u>\$ 477,033</u>	<u>\$ 4,756,957</u>	<u>\$ 35,283,453</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 1,061,900	\$ 326,194	\$ 361,837	\$ 5,814	\$ 293,668	\$ 2,049,413
Due to other funds	845,994	1,222,422	4,148,466	20,664	230,738	6,468,284
Unearned revenue	118,011			109,807	210,105	437,923
Total liabilities	<u>2,025,905</u>	<u>1,548,616</u>	<u>4,510,303</u>	<u>136,285</u>	<u>734,511</u>	<u>8,955,620</u>
Deferred Inflows of Resources:						
Advance property tax collections	26,546					26,546
Unavailable revenue - property taxes	1,362,520					1,362,520
Unavailable revenue - special assessments		316,191				316,191
Total deferred inflows of resources	<u>1,389,066</u>	<u>316,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,705,257</u>
Fund Balances:						
Nonspendable					16,645	16,645
Restricted				340,748	3,834,455	4,175,203
Committed		3,431,794	2,655,370		180,097	6,267,261
Assigned	99,268					99,268
Unassigned	15,181,485		(1,108,535)		(8,751)	14,064,199
Total fund balances	<u>15,280,753</u>	<u>3,431,794</u>	<u>1,546,835</u>	<u>340,748</u>	<u>4,022,446</u>	<u>24,622,576</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,695,724</u>	<u>\$ 5,296,601</u>	<u>\$ 6,057,138</u>	<u>\$ 477,033</u>	<u>\$ 4,756,957</u>	<u>\$ 35,283,453</u>

(Continued on next page)

TOWN OF WINDSOR LOCKS, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020

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)	\$ 24,622,576
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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	\$ 154,635,230	
Less accumulated depreciation	<u>(57,364,333)</u>	
Net capital assets		97,270,897

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	1,362,520
Brownfield note receivable	3,799,999
Interest and lien receivable on property taxes	354,001
Assessments receivable	316,191
Interest and lien receivable on assessments	147,081
Net OPEB asset	148,928
Deferred outflows related to pension	8,821,003
Deferred outflows related to OPEB	331,199

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.

4,000,397

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	(3,799,999)
Bonds and notes payable	(23,958,866)
Bond premiums	(1,370,667)
Interest payable on bonds and notes	(230,535)
Compensated absences	(1,347,158)
Capital leases	(859,940)
Net pension liability	(16,414,093)
Payable to MERS	(22,347)
Deferred inflows related to pension	(1,597,051)
Deferred inflows related to OPEB	(1,602,858)
Heart and hypertension	(93,500)
Deferred charge on refunding	<u>136,804</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 90,014,582</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, 2020**

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Special Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 38,451,845	\$	\$	\$	\$ 254,358	\$ 38,706,203
Intergovernmental	16,453,217			1,711,732	3,547,462	21,712,411
Charges for services	924,751	2,509,523			2,450,104	5,884,378
Contributions				31,081	6,736	37,817
Income on investments	511,216	100,595	40,082		5,728	657,621
Other revenues	209,448	7,500	936		12,235	230,119
Total revenues	<u>56,550,477</u>	<u>2,617,618</u>	<u>41,018</u>	<u>1,742,813</u>	<u>6,276,623</u>	<u>67,228,549</u>
Expenditures:						
Current:						
General government	2,174,057			344,324	140,556.00	2,658,937
Public safety	5,055,303			78,249	358,960	5,492,512
Public works	2,649,013	1,747,373		1,327,228	216,753	5,940,367
Health and welfare	482,098			10,328	59,215	551,641
Recreation	784,613				224,263	1,008,876
Employee benefits and insurance	3,193,169					3,193,169
Education	36,663,003				4,452,812	41,115,815
Capital outlay			4,476,541			4,476,541
Debt service	2,772,270	91,339	57,276			2,920,885
Total expenditures	<u>53,773,526</u>	<u>1,838,712</u>	<u>4,533,817</u>	<u>1,760,129</u>	<u>5,452,559</u>	<u>67,358,743</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,776,951</u>	<u>778,906</u>	<u>(4,492,799)</u>	<u>(17,316)</u>	<u>824,064</u>	<u>(130,194)</u>
Other Financing Sources (Uses):						
Bond issuance			4,490,000			4,490,000
Bond premium issuance		175,078				175,078
Brownfield note proceeds				31,060		31,060
Refunding bond issuance	2,605,000					2,605,000
Payments to escrow agent	(2,871,442)					(2,871,442)
Premium on refunding bond issuance	557,827					557,827
Transfers in	556,935		1,203,798			1,760,733
Transfers out	(815,391)	(830,933)			(114,409)	(1,760,733)
Total other financing sources (uses)	<u>32,929</u>	<u>(655,855)</u>	<u>5,693,798</u>	<u>31,060</u>	<u>(114,409)</u>	<u>4,987,523</u>
Net Change in Fund Balances	2,809,880	123,051	1,200,999	13,744	709,655	4,857,329
Fund Balances at Beginning of Year	<u>12,470,873</u>	<u>3,308,743</u>	<u>345,836</u>	<u>327,004</u>	<u>3,312,791</u>	<u>19,765,247</u>
Fund Balances at End of Year	<u>\$ 15,280,753</u>	<u>\$ 3,431,794</u>	<u>\$ 1,546,835</u>	<u>\$ 340,748</u>	<u>\$ 4,022,446</u>	<u>\$ 24,622,576</u>

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

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) \$ 4,857,329

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	5,391,545
Depreciation expense	(2,851,168)

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. (1,323)

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:

Brownfield note receivable - accrual basis change	31,060
Property tax receivable - accrual basis change	151,029
Property tax interest and lien receivable - accrual basis change	(250,598)
Sewer use receivable - accrual basis change	(19,617)
Net OPEB asset	(374,984)
Sewer use interest and lien receivable - accrual change	10,927
Change in deferred outflows related to pensions	(863,184)
Change in deferred outflows related to OPEB	302,311

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	(31,060)
Bond and note principal payments	1,828,238
Capital lease payments	359,782
Bond issuance	(4,490,000)
Premium on bond issuance	(175,078)
Refunding bond issuance	(2,605,000)
Premium on refunding bond issuance	(557,827)
Payments to escrow agent	2,871,442

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	(75,158)
Change in deferred inflows related to pensions	(941,212)
Change in deferred inflows related to OPEB	215,625
Accrued interest	(28,192)
Amortization of bond premiums	160,678
Amortization of payable to MERS	12,117
Amortization of deferred charge on refunding	(21,747)
Heart and hypertension claims	9,000
Net pension liability	(1,337,549)

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.

13,173

Change in Net Position of Governmental Activities (Exhibit II)

\$ 1,590,559

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2020**

	Governmental Activities Internal Service Fund
Assets:	
Current:	
Cash and cash equivalents	\$ 4,140,706
Accounts receivable	103,390
Due from other funds	<u>196,238</u>
Total assets	<u>4,440,334</u>
Liabilities:	
Accounts payable	123,937
Claims payable	<u>316,000</u>
Total liabilities	<u>439,937</u>
Net Position:	
Unrestricted	<u>\$ 4,000,397</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, 2020**

	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues:	
Premiums	\$ <u>4,688,686</u>
Operating Expenses:	
Claims	4,496,454
Administration	<u>219,606</u>
Total operating expenses	<u>4,716,060</u>
Operating Loss	(27,374)
Nonoperating Revenue:	
Income on investments	<u>40,547</u>
Change in Net Position	13,173
Net Position at Beginning of Year	<u>3,987,224</u>
Net Position at End of Year	\$ <u><u>4,000,397</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, 2020**

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 6,603,774
Cash payments to providers of benefits and administration	(5,080,812)
Net cash provided by (used in) operating activities	<u>1,522,962</u>
Cash Flows from Investing Activities:	
Income on investments	<u>40,547</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,563,509
Cash and Cash Equivalents at Beginning of Year	<u>2,577,197</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,140,706</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ (27,374)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in due from other funds	(104,966)
(Increase) decrease in accounts receivable	2,020,054
Increase (decrease) in claims and accounts payable	(220,063)
Increase (decrease) in due to other funds	<u>(144,689)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,522,962</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, 2020

	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$	\$ 332,187
Investments	3,838,386	
Accounts receivable	<u>62,355</u>	
Total assets	<u>3,900,741</u>	<u>\$ 332,187</u>
Liabilities:		
Accounts and other payables	18,424	\$ 332,187
Due to other funds	<u>106,036</u>	
Total liabilities	<u>124,460</u>	<u>\$ 332,187</u>
Net Position:		
Restricted for OPEB benefits	<u>\$ 3,776,281</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, 2020**

	<u>OPEB Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 118,635
Investment income:	
Net change in fair value of investments	<u>137,176</u>
Total additions	255,811
Deductions:	
Benefits	<u>422,626</u>
Change in Net Position	(166,815)
Net Position - Beginning of Year	<u>3,943,096</u>
Net Position - End of Year	<u><u>\$ 3,776,281</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020**

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 use 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 Grants Fund accounts for various grant programs not included in the general fund budget. The major source of revenue for this fund is state and federal 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, 2020**

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 \$124,857 has been established as an allowance for uncollectible taxes. At June 30, 2020, this represents 7.5% of all property taxes receivable.

In the fund financial statements, all property taxes receivable at June 30, 2020, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60-day period have been recorded as revenue.

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

F. Capital Assets

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

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

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

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

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

G. Deferred Outflows/Inflows of Resources

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 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 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses and during the reporting period. Actual results could differ from those estimates.

N. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through December 14, 2020, which is the date when the financial statements were available to be issued.

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.

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). During the year ended June 30, 2020, the Town approved additional appropriations of \$20,000 from fund balance.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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. During the year ended June 30, 2020, the Town overspent the Police appropriation by \$2,111.

Fund Deficits

The Commission on Needs of the Aging fund, a nonmajor special revenue fund, had a fund deficit of \$8,751, which will be financed by charges for services.

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). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and is 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$10,083,958 of the Town's bank balance of \$18,096,962 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,025,562
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,058,396</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 10,083,958</u>

Cash Equivalents

At June 30, 2020, the Town's cash equivalents amounted to \$13,176,164. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

*Not rated

Investments

As of June 30, 2020, 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:					
Corporate bonds	A	\$ 534,930	\$	\$ 534,930	\$
Certificates of deposit	*	7,510,376	<u>1,267,058</u>	<u>6,243,318</u>	<u> </u>
Other investments:					
Mutual funds	n/a	<u>3,838,386</u>	<u>\$ 1,267,058</u>	<u>\$ 6,778,248</u>	<u>\$ -</u>
Total Investments		<u>\$ 11,883,692</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.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Credit Risk - Investments

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2020, 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, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Corporate bonds	\$ 534,930	\$ 534,930	\$	\$
Mutual funds	<u>3,838,386</u>	<u>3,838,386</u>		
Total investments by fair value level	<u>4,373,316</u>	<u>\$ 4,373,316</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments measured at fair value	4,373,316			
Certificates of deposit	<u>7,510,376</u>			
Total Investments	<u>\$ 11,883,692</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, 2020**

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>Capital Projects</u>	<u>Special Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 1,670,003	\$	\$	\$	\$	\$ 1,670,003
Accounts	79,879	3,736	11,863		279,180	374,658
Sewer use		340,010				340,010
Intergovernmental	<u>383,171</u>			<u>476,983</u>	<u>58,855</u>	<u>919,009</u>
Gross receivables	2,133,053	343,746	11,863	476,983	338,035	3,303,680
Less allowance for uncollectibles	<u>(124,857)</u>	<u>(4,500)</u>				<u>(129,357)</u>
Net Total Receivables	<u>\$ 2,008,196</u>	<u>\$ 339,246</u>	<u>\$ 11,863</u>	<u>\$ 476,983</u>	<u>\$ 338,035</u>	<u>\$ 3,174,323</u>

Note: Above does not include accrued interest and liens on property taxes of \$354,001 and sewer use charges of \$147,081.

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, 2020, the Town has recorded a Brownfield note receivable and a Brownfield note payable in the Statement of Net position for the Governmental Activities of \$3,799,999.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 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	\$	\$ 407,917	\$	\$ 5,685,564
Construction in progress	<u>12,762,764</u>	<u>(256,373)</u>	<u>4,410,132</u>	<u> </u>	<u>16,916,523</u>
Total capital assets not being depreciated	<u>18,040,411</u>	<u>(256,373)</u>	<u>4,818,049</u>	<u> </u>	<u>22,602,087</u>
Capital assets being depreciated:					
Buildings	14,970,217		304,000		15,274,217
Building improvements	48,355,750				48,355,750
Land improvements	3,028,930	11,285			3,040,215
Machinery and equipment	16,815,382	158,971	58,759	(13,232)	17,019,880
Vehicles	6,658,570	86,117	210,737	(54,806)	6,900,618
Furniture and fixtures	701,119				701,119
Infrastructure	<u>40,741,344</u>				<u>40,741,344</u>
Total capital assets being depreciated	<u>131,271,312</u>	<u>256,373</u>	<u>573,496</u>	<u>(68,038)</u>	<u>132,033,143</u>
Less accumulated depreciation for:					
Buildings	(8,238,120)		(204,698)		(8,442,818)
Building improvements	(13,242,455)		(981,031)		(14,223,486)
Land improvements	(1,308,362)		(95,026)		(1,403,388)
Machinery and equipment	(10,582,070)		(668,928)	11,909	(11,239,089)
Vehicles	(3,521,202)		(305,552)	54,806	(3,771,948)
Furniture and fixtures	(177,723)		(35,843)		(213,566)
Infrastructure	<u>(17,509,948)</u>		<u>(560,090)</u>		<u>(18,070,038)</u>
Total accumulated depreciation	<u>(54,579,880)</u>	<u> </u>	<u>(2,851,168)</u>	<u>66,715</u>	<u>(57,364,333)</u>
Total capital assets being depreciated, net	<u>76,691,432</u>	<u>256,373</u>	<u>(2,277,672)</u>	<u>(1,323)</u>	<u>74,668,810</u>
Governmental Activities Capital Assets, Net	<u>\$ 94,731,843</u>	<u>\$ </u>	<u>\$ 2,540,377</u>	<u>\$ (1,323)</u>	<u>\$ 97,270,897</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 206,223
Public safety	374,389
Public works	1,069,042
Recreation	60,139
Education	<u>1,141,375</u>
Total	<u>\$ 2,851,168</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2020 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 2,266,136
	Sewer Administration Fund	1,222,422
	Special Grants Fund	20,664
	OPEB Trust Fund	1,240
	Nonmajor Governmental Funds	<u>53,832</u>
		<u>3,564,294</u>
Sewer Administration Fund	Capital Projects Fund	1,700,000
	Nonmajor Governmental Funds	<u>175,078</u>
		<u>1,875,078</u>
Capital Projects Fund	General Fund	<u>257,032</u>
Special Grants Fund	Nonmajor Governmental Funds	<u>50</u>
Nonmajor Governmental Funds	General Fund	499,298
	Capital Project Fund	<u>182,330</u>
		<u>681,628</u>
Internal Service Fund	Nonmajor Governmental Funds	1,778
	OPEB Trust Fund	104,796
	General Fund	<u>89,664</u>
		<u>196,238</u>
		<u>\$ 6,574,320</u>

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

	<u>Transfers In</u>		<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Transfers Out</u>
	<u>Fund</u>	<u>Projects</u>	
Transfers out:			
General Fund	\$	\$ 815,391	\$ 815,391
Sewer Administration Fund	506,933	324,000	830,933
Nonmajor Governmental	<u>50,002</u>	<u>64,407</u>	<u>114,409</u>
Total Transfers In	<u>\$ 556,935</u>	<u>\$ 1,203,798</u>	<u>\$ 1,760,733</u>

Most 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, 2020**

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 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	\$ 21,235,000	\$ 7,095,000	\$ 4,565,000	\$ 23,765,000	\$ 1,980,000
Clean water notes	292,104		98,238	193,866	100,221
Bond premiums	<u>798,440</u>	<u>732,905</u>	<u>160,678</u>	<u>1,370,667</u>	<u>2,080,221</u>
Total	22,325,544	7,827,905	4,823,916	25,329,533	2,080,221
Capital leases	1,219,722		359,782	859,940	366,104
Brownfield note payable	3,768,939	31,060		3,799,999	
Net pension liability	15,076,544	1,337,549		16,414,093	
MERS prior service costs	34,464		12,117	22,347	12,117
Compensated absences	1,272,000	143,481	68,323	1,347,158	61,842
Heart and hypertension claims	<u>102,500</u>		<u>9,000</u>	<u>93,500</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 43,799,713</u>	<u>\$ 9,339,995</u>	<u>\$ 5,273,138</u>	<u>\$ 47,866,570</u>	<u>\$ 2,520,284</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

The following is a summary of bond and note issues at June 30, 2020:

<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, 2020</u>
Bonds/notes:					
Town:					
Refunding bond	7/1/2014	8/1/2024	2.0-3.0	\$ 3,400,000	\$ 1,112,680
General obligation	3/16/2016	3/15/2036	2.0-4.0	2,941,500	2,350,120
General obligation	3/13/2018	3/15/2038	3.0-4.0	1,841,000	1,607,519
New Issue	3/6/2020	10/1/2039	2.0-4.0	3,992,000	3,992,000
Schools:					
Refunding bond	7/1/2014	8/1/2024	2.0-3.0	3,185,000	1,042,320
General obligation	3/16/2016	3/15/2036	2.0-4.0	6,608,500	5,279,880
General obligation	3/13/2018	3/15/2038	3.0-4.0	1,419,000	1,239,038
New Issue	3/6/2020	10/1/2039	2.0-4.0	1,078,000	1,078,000
Sewer:					
Clean water loan	5/31/2003	5/31/2022	2.0	1,715,669	193,866
General obligation	3/13/2018	3/15/2038	3.0-4.0	4,625,000	4,038,443
New Issue	3/6/2020	10/1/2039	2.0-4.0	2,025,000	2,025,000
					<u>\$ 23,958,866</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>
2021	\$ 1,980,000	\$ 771,791	\$ 100,221	\$ 2,962	\$ 2,080,221	\$ 774,753
2022	1,980,000	686,106	93,645	939	2,073,645	687,045
2023	1,990,000	614,006			1,990,000	614,006
2024	1,995,000	538,706			1,995,000	538,706
2025	1,995,000	468,531			1,995,000	468,531
2026-2030	6,965,000	1,567,930			6,965,000	1,567,930
2031-2035	5,000,000	708,930			5,000,000	708,930
2036-2040	1,860,000	99,429			1,860,000	99,429
Total	<u>\$ 23,765,000</u>	<u>\$ 5,455,429</u>	<u>\$ 193,866</u>	<u>\$ 3,901</u>	<u>\$ 23,958,866</u>	<u>\$ 5,459,330</u>

Capital Projects

As of June 30, 2020, the Town had authorized unissued bonds of \$6,140,000 available to fund capital projects.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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	\$ 80,973,758	\$ 11,137,319	\$ 69,836,439
Schools	161,947,517	12,704,238	149,243,279
Sewers	134,956,264	6,257,309	128,698,955
Urban renewal	116,962,095		116,962,095
Pension deficit	107,965,011		107,965,011

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$251.9 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.

Capital Leases

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

The assets acquired through capital leases are as follows:

	<u>Amount</u>
Asset:	
Equipment	\$ 2,348,633
Less accumulated depreciation	<u>488,151</u>
Total	<u>\$ 1,860,482</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, 2020:

<u>Year Ending June 30</u>	
2021	\$ 381,527
2022	244,645
2023	145,066
2024	120,342
Total minimum lease payments	891,580
Less amount representing interest	<u>(31,640)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 859,940</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Brownfield Note Payable

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.

8. FUND BALANCE

The components of fund balance for governmental funds at June 30, 2020 are as follows:

	<u>General Fund</u>	<u>Sewer Administration Fund</u>	<u>Capital Projects Fund</u>	<u>Special Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Endowment	\$	\$	\$	\$	\$ 3,000	\$ 3,000
Inventories					13,645	13,645
Restricted for:						
Highway projects					1,264,076	1,264,076
Grants				340,748	2,520,149	2,860,897
TIF district					50,230	50,230
Committed to:						
Sewer use		3,431,794				3,431,794
Capital projects			2,655,370			2,655,370
Public safety					66,832	66,832
Health and welfare					33,308	33,308
Education					5,372	5,372
Recreation					74,585	74,585
Assigned to:						
General government - encumbrances	3,436					3,436
Public safety - encumbrances	21,887					21,887
Public works - encumbrances	3,305					3,305
Recreation - encumbrances	2,300					2,300
Education - encumbrances	68,340					68,340
Unassigned	<u>15,181,485</u>		<u>(1,108,535)</u>		<u>(8,751)</u>	<u>14,064,199</u>
Total Fund Balances	<u>\$ 15,280,753</u>	<u>\$ 3,431,794</u>	<u>\$ 1,546,835</u>	<u>\$ 340,748</u>	<u>\$ 4,022,446</u>	<u>\$ 24,622,576</u>

Encumbrances of \$99,268 are contained in the above table in the assigned category of the General Fund.

9. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; public official liabilities; police liability; heart and hypertension claims; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town purchases commercial insurance for all risks of loss except medical insurance. The Town established an internal service fund, the medical insurance fund, to account for and finance the retained risk of loss for the Town's medical benefits claims. There has not been a significant reduction in coverage in the fiscal year July 1, 2019 to June 30, 2020.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

A third party (Anthem Blue Cross & Blue Shield) administers the medical and dental insurance plan for which the Town pays a fee. The insurance fund provides coverage for most Town employees. The Town has purchased a separate stop loss policy to provide reinsurance protection on any individual claim that exceeds \$125,000. During the year, actual or settled claims exceeded the liability limits established at the start of the plan year. As a result, the Town utilized the funds in the Insurance Reserve Fund to cover the excess liabilities that manifested themselves in the recently completed plan year.

The medical insurance fund is substantially funded by the Town’s General Fund based upon estimates surrounding the number of enrolled employees and type of coverage selected (single or family). These estimates are also influenced by emerging trends in the insurance market as well as the value of the administrative fees accessed by the Town’s third-party administrator and stop loss provider. The claims liability reported is based on the requirements of GASB Statements No. 10 and 30, which require a liability for claims to be reported if information prior to the issuance of the financial statement indicates that it is possible that a liability has been incurred at the state of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of the claim accrual is based on the ultimate cost of settling those claims incurred by enrolled employees and their dependents, which include past experience data, inflation and other economic factors and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include the allocated or unallocated claims adjustment expenses.

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

Medical Insurance Fund	Balance July 1	Current Year Claims And Changes In Estimates	Claims Payments	Balance June 30
2018-2019	\$ 422,000	\$ 6,373,127	\$ 6,135,127	\$ 660,000
2019-2020	660,000	4,496,454	4,840,454	316,000

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

10. PENSION PLANS

Municipal Employees' Retirement System

A. Plan Description

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

B. Benefit Provisions

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous 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.

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

This applies to 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, who began employment prior to July 1, 1996, 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.

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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.

Pre-Retirement Death Benefit

The plan offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

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. In addition, there is also an annual administrative fee per active and retired member.

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

At June 30, 2020, the Town reports a total liability of \$16,414,093 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The actuarial assumptions used in the June 30, 2019 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. 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, 2020, the Town's proportion was 1.59%, which represents an increase in proportion of 0.1% from June 30, 2019.

For the year ended June 30, 2020, the Town recognized pension expense of \$4,929,219 in Exhibit II. At June 30, 2020, 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	\$ 694,740	\$
Change in proportionate share	686,228	160,470
Change of assumptions	4,394,635	
Net difference between projected and actual actuarial experience	1,315,185	1,436,581
Town contributions subsequent to the measurement date	<u>1,730,215</u>	
Total	<u>\$ 8,821,003</u>	<u>\$ 1,597,051</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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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:

<u>Year Ending June 30</u>	
2021	\$ 2,163,062
2022	1,524,617
2023	1,807,937
2024	(1,879)

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on:

RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees.

RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire.

For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

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%.

TOWN OF WINDSOR LOCKS, CONNECTICUT
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The long-term expected rate of return on pension plan investments was determined using a statistical 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>
Domestic equity	20.0%	5.3%
Developed market international	11.0%	5.1%
Emerging market international	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond fund	5.0%	1.3%
Emerging market debt	5.0%	2.9%
High yield bond	6.0%	3.4%
Real estate	10.0%	4.7%
Private equity	10.0%	7.3%
Alternative investments	7.0%	3.2%
Liquidity fund	1.0%	0.9%
Total	<u>100.0%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability, calculated using the current discount rate, 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 or 1 percentage point higher than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 23,855,679	\$ 16,414,093	\$ 10,184,727

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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H. Payable to MERS

The Town has also recorded \$22,347 as a long-term payable to MERS at June 30, 2020. This amount represents prior service costs calculated when the Town entered the plan.

Connecticut Teachers' Retirement System - Pension

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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For the year ended June 30, 2020, the amount of “on-behalf” contributions made by the State was \$5,010,581 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

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, 2020, 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>66,194,635</u>
Total	<u>\$ 66,194,635</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2020, the Town recognized pension expense and revenue of \$8,129,829 in Exhibit II.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, 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.

The actuarial assumptions used in the June 30, 2018 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
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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%.

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 current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>	<u>Standard Deviation</u>
Public Equity - US Equity	8.10 %	20.00 %	17.00 %
Public Equity - International Developed Equity	8.50	11.00	19.00
Public Equity - Emerging Markets Equity	10.40	9.00	24.00
Fixed Income - Core Fixed Income	4.60	16.00	7.00
Fixed Income - Inflation Linked Bonds	3.60	5.00	7.00
Fixed Income - High Yield	6.50	6.00	11.00
Fixed Income - Emerging Market Debt	5.20	5.00	11.00
Private Equity	9.80	10.00	23.00
Real Estate	7.00	10.00	15.00
Alternative Investments - Real Assets	8.20	4.00	17.00
Alternative Investments - Hedge Funds	5.40	3.00	7.00
Liquidity Fund	2.90	1.00	1.00
Total		<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 with medical benefits 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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At July 1, 2019, plan membership consisted of the following:

	Retiree Health Plan
Retired members and their spouses	41
Active plan members	<u>326</u>
Total Participants	<u><u>367</u></u>

C. Funding Policy

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

Town Employees

The cost per month for Town retirees receiving coverage is dependent upon the negotiated union contract in effect at the date of retirement.

Board of Education Employees

The cost per month for Board of Education retirees receiving coverage is dependent upon the negotiated union contract in effect at the date of retirement.

Employer Contribution

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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 3.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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E. Net OPEB Liability (Asset) of the Town

The Town’s net OPEB liability (asset) was measured as of June 30, 2020. The components of the net OPEB liability of the Town at June 30, 2020 were as follows:

Total OPEB liability	\$	3,627,353
Plan fiduciary net position		<u>3,776,281</u>
Net OPEB Liability (Asset)	\$	<u>(148,928)</u>
Plan fiduciary net position as a percentage of the total OPEB liability		104.11%

Actuarial Assumptions

The total OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Investment rate of return	7.00%, net of investment expenses
Healthcare cost trend rates	6.50% for 2019, decreasing by 0.20% per year down to 4.60% in 2029 and beyond

Mortality rates for all employees were based on the Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019.

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, 2020.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	46.60 %	4.75
Foreign Equity	12.70	5.25
Domestic Fixed income	37.20	2.00
Foreign Fixed Income	3.50	1.50
Total	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. 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.

F. Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances as of July 1, 2019	\$ 3,419,184	\$ 3,943,096	\$ (523,912)
Changes for the year:			
Service cost	116,350		116,350
Interest on total OPEB liability	232,946		232,946
Differences between expected and actual experience	58,489		58,489
Changes in assumptions	223,010		223,010
Employer contributions		118,635	(118,635)
Net investment income (loss)		137,176	(137,176)
Benefit payments	<u>(422,626)</u>	<u>(422,626)</u>	<u>-</u>
Net changes	<u>208,169</u>	<u>(166,815)</u>	<u>374,984</u>
Balances as of June 30, 2020	<u>\$ 3,627,353</u>	<u>\$ 3,776,281</u>	<u>\$ (148,928)</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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G. Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	\$ 182,932	\$ (148,928)	\$ (441,653)

H. Sensitivity of The Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) of the Town, as well as what the Town's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (5.50% Decreasing to 3.60%)	Healthcare Cost Trend Rates (6.5% Decreasing to 4.60%)	1% Increase (7.50% Decreasing to 5.60%)
Net OPEB Liability (Asset)	\$ (520,616)	\$ (148,928)	\$ 285,667

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$(24,317). At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 1,602,858
Changes in assumptions	204,879	
Differences between projected and actual earnings on OPEB plan investments	<u>126,320</u>	
Total	<u>\$ 331,199</u>	<u>\$ 1,602,858</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30

2021	\$	(108,056)
2022		(108,057)
2023		(100,259)
2024		(113,328)
2025		(139,005)
Thereafter		(702,954)

Teachers Retirement Plan - OPEB

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.

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 CTB Sponsored Medicare Supplement 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.

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If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

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 Supplement 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

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.

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$136,943 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

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

At June 30, 2020, 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>10,323,428</u>
Total	\$	<u><u>10,323,428</u></u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of (\$755,433) in Exhibit II.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Healthcare costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

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.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 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 (0.41%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. 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 2019 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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.

12. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to COVID-19.

The Town derives a significant portion of its revenues from property taxes. While the Town has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the Town's health care costs, changes in interest rates, investment valuation and future federal or state fiscal relief.

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.

**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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property Taxes:				
Current taxes	\$ 35,814,741	\$ 35,814,741	\$ 35,027,634	\$ (787,107)
Supplemental taxes	1,200,000	1,200,000	1,769,448	569,448
Prior year taxes	375,000	375,000	1,023,514	648,514
Interest and lien fees	210,000	210,000	559,616	349,616
Telephone access line	45,000	45,000	32,677	(12,323)
Housing authority in lieu of tax	36,000	36,000	38,956	2,956
Total property taxes	<u>37,680,741</u>	<u>37,680,741</u>	<u>38,451,845</u>	<u>771,104</u>
Intergovernmental:				
General government:				
In lieu of tax, State Property	45,282	45,282	48,561	3,279
In lieu of tax, Airport	3,319,685	3,319,685	3,319,686	1
Totally Disabled Grants	400	400	550	150
Capital improvement program	79,109	79,109		(79,109)
Veterans' Exemptions	3,500	3,500	6,847	3,347
Office of Emergency Management	6,000	6,000	6,256	256
Off Track Betting/Teletheater	330,000	330,000	236,287	(93,713)
Mashantucket Pequot/Mohegan Grant	387,713	387,713	387,713	-
Municipal Revenue Sharing	1,907,971	1,907,971	2,360,422	452,451
Senior Center Transportation Grant	14,368	14,368		(14,368)
State Shared Tax Revenue	150,116	150,116	150,116	-
Youth Services	14,000	14,000	14,000	-
Total general government	<u>6,258,144</u>	<u>6,258,144</u>	<u>6,530,438</u>	<u>272,294</u>
Education:				
Educational Cost Sharing	4,087,934	4,087,934	4,775,255	687,321
Total education	<u>4,087,934</u>	<u>4,087,934</u>	<u>4,775,255</u>	<u>687,321</u>
Total intergovernmental	<u>10,346,078</u>	<u>10,346,078</u>	<u>11,305,693</u>	<u>959,615</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Charges for Services:				
Conveyance tax	\$ 150,000	\$ 150,000	\$ 108,694	\$ (41,306)
Town Clerk's Office	90,000	90,000	99,052	9,052
Building permits	275,000	275,000	344,008	69,008
Blight fees	3,000	3,000		(3,000)
Zoning Board of Appeals	1,000	1,000	1,141	141
Planning and Zoning	4,000	4,000	4,814	814
Other licenses and permits	10,000	10,000	4,976	(5,024)
Trash haulers permits	4,000	4,000	14,000	10,000
Assessors office			140	140
Inland Wetland fees	1,000	1,000	2,788	1,788
Fire Marshall application fees	40,000	40,000	54,035	14,035
Tobacco valley probate cost share	17,000	17,000	15,757	(1,243)
Superior Court	9,000	9,000	8,175	(825)
Parking tickets	4,000	4,000	2,434	(1,566)
Airplane registration fees	50,000	50,000	57,700	7,700
Tuitions	4,300	4,300		(4,300)
Park Revolving Fund	134,230	134,230	84,401	(49,829)
Police accident reports	2,500	2,500	1,933	(567)
Senior Citizen Mini-bus fee	3,800	3,800	3,395	(405)
Rent from schools	2,500	2,500	75	(2,425)
Tower rental	120,000	120,000	117,233	(2,767)
Sale of asset	1,000	1,000		(1,000)
Total charges for services	<u>926,330</u>	<u>926,330</u>	<u>924,751</u>	<u>(1,579)</u>
Investment Income:				
Income on investments	<u>150,000</u>	<u>150,000</u>	<u>511,216</u>	<u>361,216</u>
Other Revenues:				
Miscellaneous receipts	50,000	50,000	86,853	36,853
Recycling program	2,000	2,000	25,117	23,117
Foreign Trade Zone	100	100	2,984	2,884
Workers' Compensation	50,000	50,000	94,494	44,494
Total other revenues	<u>102,100</u>	<u>102,100</u>	<u>209,448</u>	<u>107,348</u>
Total revenues	<u>49,205,249</u>	<u>49,205,249</u>	<u>51,402,953</u>	<u>2,197,704</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, 2020**

	<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	\$ 506,615	\$ 506,615	\$ 506,933	\$ 318
Police reimbursement	50,000	50,000	50,000	-
James DeForest Phelps fund	3	3	2	(1)
Total other financing sources	<u>556,618</u>	<u>556,618</u>	<u>556,935</u>	<u>317</u>
Total	<u>\$ 49,761,867</u>	<u>\$ 49,761,867</u>	51,959,888	<u>\$ 2,198,021</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut pension on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			5,010,581	
State of Connecticut OPEB on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			136,943	
The Town does not budget for refunding bond premium revenue			557,827	
The Town does not budget for refunding bond issuance			<u>2,605,000</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV				<u>\$ 60,270,239</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Assessor	\$ 228,780	\$ 220,562	\$ 196,643	\$ 23,919
Auditing Services	38,475	38,650	38,530	120
Board of Assessment Appeals	566	1,166	988	178
Board of Finance	19,392	37,744	27,101	10,643
Board of Selectmen	177,697	173,060	171,501	1,559
Building Official	285,034	289,534	288,294	1,240
Capital Improvement Advisory Commission	363	363	290	73
Conservation Commission	3,223	3,223	2,247	976
Contingency Fund	188,817	1,581		1,581
Economic Development Commission	11,586	11,586	8,121	3,465
Finance Department	266,085	270,852	270,302	550
General expense all buildings	63,000	63,002	39,467	23,535
Historical Commission	2,709	2,709	1,383	1,326
Holiday observance	3,300	3,300	2,913	387
Human Resource	67,413	67,283	65,783	1,500
Information Technologies	135,148	153,501	144,783	8,718
Inland/Wetlands Agency	3,481	4,643	3,994	649
Municipal associations	21,280	21,280	21,280	-
Planning and Zoning Commission	24,883	24,883	12,119	12,764
Probate Court	21,850	22,072	21,108	964
Registrar of Voters	52,004	52,004	39,984	12,020
Tax Collector	254,489	328,281	321,451	6,830
Town Clerk	146,448	146,448	138,502	7,946
Town Counsel	66,000	66,000	47,610	18,390
Town Engineer	60,000	60,000	47,263	12,737
Town Office Building	164,143	164,143	160,194	3,949
Town Treasurer	200	200	200	-
Train Station	1,108	1,223	1,059	164
Zoning Board of Appeals	4,220	4,220	3,205	1,015
Total general government	<u>2,311,694</u>	<u>2,233,513</u>	<u>2,076,315</u>	<u>157,198</u>
Public safety:				
Ambulance Association	50,000	50,000	50,000	-
Emergency / Disaster Relief		45,000	6,760	38,240
Fire Commission	379,211	379,211	346,055	33,156
Fire Marshal	84,852	84,852	71,376	13,476
Marine services	300	300		300
Nine bay garage/safety complex	2,300	2,300	1,975	325
Office of Emergency Management	31,391	31,391	25,582	5,809
Police	3,696,059	3,687,141	3,689,252	(2,111)
Animal control	6,235	7,001	6,630	371
Safety Complex	164,272	163,278	160,814	2,464
Spring Street Garage	8,330	8,236	8,211	25
Water main/street lighting	727,172	727,172	697,029	30,143
Total public safety	<u>5,150,122</u>	<u>5,185,882</u>	<u>5,063,684</u>	<u>122,198</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Landfill/refuse removal	\$ 1,065,724	\$ 1,065,724	\$ 1,062,887	\$ 2,837
Public Works Department	1,457,711	1,457,711	1,432,384	25,327
Public Works Garage	40,543	42,869	41,655	1,214
Snow removal	121,500	121,500	104,211	17,289
Total public works	<u>2,685,478</u>	<u>2,687,804</u>	<u>2,641,137</u>	<u>46,667</u>
Health and welfare:				
Commission on Needs of the Aging	225,115	223,069	213,036	10,033
Outside services	110,265	110,265	110,264	1
Senior Center	95,316	98,310	98,122	188
Social services	88,597	96,597	95,518	1,079
Veterans' services		1,325		1,325
Youth Service Bureau	70,127	70,127	63,282	6,845
Total health and welfare	<u>589,420</u>	<u>599,693</u>	<u>580,222</u>	<u>19,471</u>
Recreation:				
Parks and recreation	385,284	385,284	318,573	66,711
Public library	466,040	466,040	466,040	-
Total recreation	<u>851,324</u>	<u>851,324</u>	<u>784,613</u>	<u>66,711</u>
Employee benefits and insurance:				
Employee benefits	2,746,683	2,771,406	2,729,156	42,250
Insurance and bonds	504,400	470,608	464,013	6,595
Total employee benefits and insurance	<u>3,251,083</u>	<u>3,242,014</u>	<u>3,193,169</u>	<u>48,845</u>
Education	<u>31,380,043</u>	<u>31,380,043</u>	<u>31,319,838</u>	<u>60,205</u>
Debt service:				
Bond redemption	2,102,151	2,102,151	2,102,150	1
Interest	684,052	684,052	644,871	39,181
Total debt service	<u>2,786,203</u>	<u>2,786,203</u>	<u>2,747,021</u>	<u>39,182</u>
Total expenditures	<u>49,005,367</u>	<u>48,966,476</u>	<u>48,405,999</u>	<u>560,477</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing uses:				
Transfers to other funds:				
Capital Improvement Fund	\$ <u>756,500</u>	\$ <u>815,391</u>	\$ <u>815,391</u>	\$ <u>-</u>
Total other financing uses	<u>756,500</u>	<u>815,391</u>	<u>815,391</u>	<u>-</u>
Total	\$ <u><u>49,761,867</u></u>	\$ <u><u>49,781,867</u></u>	49,221,390	\$ <u><u>560,477</u></u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut pension on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted. 5,010,581

State of Connecticut OPEB on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted. 136,943

The Town does not budget for payments to the refunding bond escrow agent 2,871,442

The Town does not budget for refunding bond issuance costs 25,249

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. 194,754

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 57,460,359

**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, 2020**

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Revenues:				
Sewer use charges and interest	\$ 2,276,160	\$ 2,276,160	\$ 2,504,823	\$ 228,663
Fees	17,250	17,250	4,700	(12,550)
Investment income	12,500	12,500	100,595	88,095
Miscellaneous			7,500	7,500
Total revenues	<u>2,305,910</u>	<u>2,305,910</u>	<u>2,617,618</u>	<u>311,708</u>
Expenditures:				
Salaries	632,856	628,801	628,799	2
Fringe benefits	258,175	246,189	246,188	1
Overtime	41,500	54,265	54,264	1
Audit and legal fees	17,900	16,445	16,445	-
Chemicals/chlorine	89,550	80,562	80,562	-
Contingency	10,000	10,000	10,000	-
Refunds		1,217	1,216	1
Debt service	91,411	91,340	91,339	1
Electricity	185,000	163,906	163,905	1
Equipment rental/hauling	7,900	4,762	4,761	1
Fuel, oil, natural gas	23,435	24,486	24,485	1
Gasoline and diesel	8,300	8,310	8,310	-
Insurance	52,850	52,236	52,236	-
Lab equipment	27,500	31,550	31,550	-
Mechanical maintenance	57,000	63,013	63,012	1
Outside services	28,850	47,218	47,218	-
Safety training	500	135	135	-
Sewer line maintenance	19,500	18,023	18,022	1
Sludge disposal	87,450	96,654	96,653	1
Supplies	53,650	44,449	44,448	1
Telephone	6,650	6,030	6,030	-
User fee administration	30,000	117,107	117,107	-
Vehicle parts, repairs	8,000	3,710	3,709	1
Water	11,000	28,319	28,318	1
Total expenditures	<u>1,748,977</u>	<u>1,838,727</u>	<u>1,838,712</u>	<u>15</u>
Excess of Revenues over Expenditures	556,933	467,183	778,906	311,723
Other financing sources (uses):				
Premium on Bonds/BAN's			175,078	(175,078)
Transfers out	<u>(830,933)</u>	<u>(830,933)</u>	<u>(830,933)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (274,000)</u>	<u>\$ (363,750)</u>	123,051	<u>\$ 486,801</u>
Fund Balance at Beginning of Year			<u>3,308,743</u>	
Fund Balance at End of Year			<u>\$ 3,431,794</u>	

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.59%	1.58%	2.90%	2.61%	3.06%	4.30%
Town's proportionate share of the net pension liability	\$ 16,414,093	\$ 15,076,544	\$ 7,198,203	\$ 8,685,833	\$ 5,898,563	\$ 4,240,461
Town's covered-employee payroll	11,281,811	11,038,999	6,565,251	6,322,648	6,033,920	6,192,516
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	145.49%	136.58%	109.64%	137.38%	97.76%	68.48%
Plan fiduciary net position as a percentage of the total pension liability	72.69%	73.60%	88.29%	88.29%	92.72%	90.48%

*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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 1,730,215	\$ 1,469,202	\$ 932,505	\$ 873,983	\$ 833,404	\$ 902,297	\$ 799,677	\$ 732,126	\$ 700,489	\$ 617,037
Contributions in relation to the actuarially determined contribution	<u>1,730,215</u>	<u>1,469,202</u>	<u>932,505</u>	<u>873,983</u>	<u>833,404</u>	<u>902,297</u>	<u>799,677</u>	<u>732,126</u>	<u>700,489</u>	<u>617,037</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 11,281,811	\$ 11,038,999	\$ 6,565,251	\$ 6,322,648	\$ 6,033,920	\$ 6,192,516	\$ 5,676,638	\$ 5,396,456	\$ 5,325,278	\$ 5,368,347
Contributions as a percentage of covered-employee payroll	15.34%	13.31%	14.20%	13.82%	13.81%	14.57%	14.09%	13.57%	13.15%	11.49%

Notes to Schedule

Valuation date: June 30, 2019
 Measurement date: June 30, 2019
 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	21 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 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2019 valuation. Rates of inflation, real investment return mortality, withdrawal, disability, retirement and 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, 2017.

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

	<u>2020</u>	<u>2019</u>	<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%	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>66,194,635</u>	<u>51,039,909</u>	<u>51,274,308</u>	<u>54,094,788</u>	<u>38,927,124</u>	<u>35,980,325</u>
Total	\$ <u>66,194,635</u>	\$ <u>51,039,909</u>	\$ <u>51,274,308</u>	\$ <u>54,094,788</u>	\$ <u>38,927,124</u>	\$ <u>35,980,325</u>
Town's covered payroll	\$ 16,478,513	\$ 16,314,268	\$ 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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	<p>HB 7424 made the following provision changes:</p> <ul style="list-style-type: none"> - Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%. - For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of benefit commencement, the difference is paid to the Member's beneficiary.
Changes of assumptions	<p>HB 7424 made the following assumption changes:</p> <ul style="list-style-type: none"> - Reduce the inflation assumption from 2.75% to 2.50%. - Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.00% to 6.90%. - Increase the annual rate of wage increase assumption from 0.50% to 0.75%. - Phase in to a level dollar amortization method for the June 30, 2024 valuation.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	8.00%, 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
OPEB
LAST FOUR FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:				
Service cost	\$ 116,350	\$ 111,234	\$ 185,494	\$ 181,058
Interest	232,946	212,108	350,555	331,484
Differences between expected and actual experience	58,489	144,807	(2,297,960)	(91,675)
Changes of assumptions	223,010			
Benefit payments	<u>(422,626)</u>	<u>(395,635)</u>	<u>(195,090)</u>	<u>(159,517)</u>
Net change in total OPEB liability	208,169	72,514	(1,957,001)	261,350
Total OPEB liability - beginning	<u>3,419,184</u>	<u>3,346,670</u>	<u>5,303,671</u>	<u>5,042,321</u>
Total OPEB liability - ending	<u>3,627,353</u>	<u>3,419,184</u>	<u>3,346,670</u>	<u>5,303,671</u>
Plan fiduciary net position:				
Contributions - employer	118,635	475,382	317,449	787,285
Contributions - TRB subsidy		53,147	35,730	45,206
Net investment income	137,176	175,178	253,562	307,665
Benefit payments	<u>(422,626)</u>	<u>(395,635)</u>	<u>(195,090)</u>	<u>(159,517)</u>
Net change in plan fiduciary net position	(166,815)	308,072	411,651	980,639
Plan fiduciary net position - beginning	<u>3,943,096</u>	<u>3,635,024</u>	<u>3,223,373</u>	<u>2,242,734</u>
Plan fiduciary net position - ending	<u>3,776,281</u>	<u>3,943,096</u>	<u>3,635,024</u>	<u>3,223,373</u>
Net OPEB Liability (Asset) - Ending	<u>\$ (148,928)</u>	<u>\$ (523,912)</u>	<u>\$ (288,354)</u>	<u>\$ 2,080,298</u>
Plan fiduciary net position as a percentage of the total OPEB liability	104.11%	115.32%	108.62%	60.78%
Covered-employee payroll	\$ 23,744,580	\$ 24,044,881	\$ 23,435,557	\$ 24,860,113
Net OPEB liability as a percentage of covered-employee payroll	-0.63%	-2.18%	-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**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution (1)	\$ 118,635	\$ 115,705	\$ 430,226	\$ 425,085	\$ 360,756	\$ 349,769	\$ 386,014	\$ 375,382	\$ 454,196	\$ 443,010
Contributions in relation to the actuarially determined contribution	118,635	475,382	317,449	787,285	347,299	525,885	356,970	179,841	222,980	330,534
Contribution Deficiency (Excess)	\$ -	\$ (359,677)	\$ 112,777	\$ (362,200)	\$ 13,457	\$ (176,116)	\$ 29,044	\$ 195,541	\$ 231,216	\$ 112,476
Covered-employee payroll	\$ 23,744,580	\$ 24,044,881	\$ 23,435,557	\$ 24,860,113	\$ 24,194,757	\$ 24,194,757	\$ 22,136,805	\$ 22,136,805	\$ 23,952,238	\$ 23,952,238
Contributions as a percentage of covered-employee payroll	0.50%	1.98%	1.35%	3.17%	1.44%	2.17%	1.61%	0.81%	0.93%	1.38%

(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, 2019
Measurement date: June 30, 2020

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	6.50% in 2019 decreasing 0.20% per year to 4.60% in 2029 and beyond
Investment rate of return	7.00%, net of investment-related and administrative expenses
Retirement age	In the 2019 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	3.54%	5.22%	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 THREE FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	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>10,323,428</u>	<u>10,203,211</u>	<u>13,197,410</u>
Total	<u>\$ 10,323,428</u>	<u>\$ 10,203,211</u>	<u>\$ 13,197,410</u>
Town's covered payroll	\$ 16,478,513	\$ 16,314,268	\$ 15,900,319
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	The Plan was amended by the Board, effective January 1, 2019, during the September 12, 2018 meeting. The Board elected a new prescription drug plan, which is expected to reduce overall costs and allow for the Board to receive a government subsidy for members whose claims reach a catastrophic level. These changes were communicated to retired members during the months leading up to the open enrollment period that preceded the January 1, 2019 implementation date.
Changes of assumptions	Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019. Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2019 The expected rate of inflation was decreased, and the real wage growth assumption was increased.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment related expense including price inflation
Price inflation	2.75%

* 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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 6,541,993	\$ 6,587,008
Investments	6,581,241	5,211,444
Property taxes receivable, net of allowance for \$124,857 in 2020 and \$211,507 in 2019	1,545,146	1,533,865
Accounts receivable	463,050	448,098
Due from other funds	<u>3,564,294</u>	<u>3,089,542</u>
Total Assets	<u>\$ 18,695,724</u>	<u>\$ 16,869,957</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 1,061,900	\$ 1,107,755
Due to other funds	845,994	1,914,179
Unearned revenue	<u>118,011</u>	<u>149,056</u>
Total liabilities	<u>2,025,905</u>	<u>3,170,990</u>
Deferred inflows of resources:		
Advance property tax collections	26,546	16,603
Unavailable revenue - property taxes	<u>1,362,520</u>	<u>1,211,491</u>
Total deferred inflows of resources	<u>1,389,066</u>	<u>1,228,094</u>
Fund balance:		
Assigned	99,268	172,530
Unassigned	<u>15,181,485</u>	<u>12,298,343</u>
Total fund balance	<u>15,280,753</u>	<u>12,470,873</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 18,695,724</u>	<u>\$ 16,869,957</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
 GENERAL FUND
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2020

Grand List	Uncollected Taxes July 1, 2019	Current Tax Levy	Additions	Deductions	Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2020	
							Taxes	Interest and Lien Fees	Total		
2003	\$ 2,058	\$	\$	\$ 2,058	\$	\$ -	\$	\$	\$ -	\$ -	
2004	1,425			820		605			-	605	
2005	1,473			829		644			-	644	
2006	1,508			837		671			-	671	
2007	1,680			863		817			-	817	
2008	13,234			6,566		6,668	2,758	5,154	7,912	3,910	
2009	12,118			7,021		5,097	3,560	5,983	9,543	1,537	
2010	13,436			7,097		6,339	3,599	5,493	9,092	2,740	
2011	19,870		297	7,361		12,806	3,733	5,320	9,053	9,073	
2012	21,807			7,517		14,290	3,691	4,388	8,079	10,599	
2013	30,537			7,777		22,760	7,868	7,695	15,563	14,892	
2014	148,519		170	8,757		139,932	112,440	78,112	190,552	27,492	
2015	238,089		13,318	15,007		236,400	175,706	91,932	267,638	60,694	
2016	518,046		10,380	11,350		517,076	330,676	125,299	455,975	186,400	
2017	721,572		16,437	39,576	121,609	576,824	435,403	94,896	530,299	141,421	
Total prior years	1,745,372		40,602	123,436	121,609	1,540,929	1,079,434	424,272	1,503,706	461,495	
2018		38,368,004	146,061	330,736		38,183,329	36,974,821	104,658	37,079,479	1,208,508	
Total	\$ 1,745,372	\$ 38,368,004	\$ 186,663	\$ 454,172	\$ 121,609	\$ 39,724,258	38,054,255	528,930	38,583,185	\$ 1,670,003	
							Suspense Collections	35,631	35,615	71,246	
							Total	38,089,886	\$ 564,545	\$ 38,654,431	

Property taxes receivable considered available:

June 30, 2019	(247,905)
June 30, 2020	244,715
Total Taxes	\$ 38,086,696

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020**

	Special Revenue					
	Special Education Grants	Dog	Highway	School Cafeteria	Police Revolving	Parks and Recreation
ASSETS						
Cash and cash equivalents	\$ 1,765,304	\$ 29,107	\$ 1,460,406	\$ 78,682	\$	\$ 60,742
Investments						
Receivables, net	5,628	887		53,227	88,742	22,903
Due from other funds	607,300	16,646				37,068
Inventory				13,645		
Total Assets	\$ 2,378,232	\$ 46,640	\$ 1,460,406	\$ 145,554	\$ 88,742	\$ 120,713
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 149,187	\$ 6,773	\$ 15,279	\$ 113,574	\$ 281	\$ 47
Due to other funds			181,051		61,496	347
Unearned revenue	151,408			12,963		45,734
Total liabilities	300,595	6,773	196,330	126,537	61,777	46,128
Fund Balances:						
Nonspendable				13,645		
Restricted	2,077,637		1,264,076			
Committed		39,867		5,372	26,965	74,585
Unassigned						
Total fund balances	2,077,637	39,867	1,264,076	19,017	26,965	74,585
Total Liabilities and Fund Balances	\$ 2,378,232	\$ 46,640	\$ 1,460,406	\$ 145,554	\$ 88,742	\$ 120,713

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**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020**

	Special Revenue				Permanent Fund	Eliminations	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Human Services	Police Department Asset Forfeiture	TIF District	James DeForest Phelps		
ASSETS							
Cash and cash equivalents	\$ 1,436	\$ 47,370	\$ 442,512	\$	\$	\$	\$ 3,885,559
Investments					3,835		3,835
Receivables, net	173	730					172,290
Due from other funds				57,682		(37,068)	681,628
Inventory							13,645
Total Assets	\$ 1,609	\$ 48,100	\$ 442,512	\$ 57,682	\$ 3,835	\$ (37,068)	\$ 4,756,957
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 124	\$ 116	\$	\$ 8,287	\$	\$	\$ 293,668
Due to other funds	10,236	14,676				(37,068)	230,738
Unearned revenue							210,105
Total liabilities	10,360	14,792	-	8,287	-	(37,068)	734,511
Fund Balances:							
Nonspendable					3,000		16,645
Restricted			442,512	49,395	835		3,834,455
Committed		33,308					180,097
Unassigned	(8,751)						(8,751)
Total fund balances	(8,751)	33,308	442,512	49,395	3,835	-	4,022,446
Total Liabilities and Fund Balances	\$ 1,609	\$ 48,100	\$ 442,512	\$ 57,682	\$ 3,835	\$ (37,068)	\$ 4,756,957

**TOWN OF WINDSOR LOCKS, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue					
	Special Education Grants	Dog	Highway	School Cafeteria	Police Revolving	Parks and Recreation
Revenues:						
Property taxes	\$	\$	\$	\$	\$	\$
Intergovernmental	2,705,949		263,625	577,888		
Charges for services	1,757,454	4,246		104,581	292,168	173,126
Contributions		50				
Income from investments			5,726			
Other revenues				11,966		269.00
Total revenues	<u>4,463,403</u>	<u>4,296</u>	<u>269,351</u>	<u>694,435</u>	<u>292,168</u>	<u>173,395</u>
Expenditures:						
Current:						
General government						
Public safety		816			272,720	
Public works			216,753			
Health and welfare						
Recreation						224,263
Education	3,488,286			964,526		
Total expenditures	<u>3,488,286</u>	<u>816</u>	<u>216,753</u>	<u>964,526</u>	<u>272,720</u>	<u>224,263</u>
Excess (Deficiency) of Revenues over Expenditures	<u>975,117</u>	<u>3,480</u>	<u>52,598</u>	<u>(270,091)</u>	<u>19,448</u>	<u>(50,868)</u>
Other Financing Sources (Uses):						
Transfers in				281,602		
Transfers out	(281,602)				(50,000)	
Total other financing sources (uses)	<u>(281,602)</u>	<u>-</u>	<u>-</u>	<u>281,602</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balances	693,515	3,480	52,598	11,511	(30,552)	(50,868)
Fund Balances at Beginning of Year	<u>1,384,122</u>	<u>36,387</u>	<u>1,211,478</u>	<u>7,506</u>	<u>57,517</u>	<u>125,453</u>
Fund Balances at End of Year	<u>\$ 2,077,637</u>	<u>\$ 39,867</u>	<u>\$ 1,264,076</u>	<u>\$ 19,017</u>	<u>\$ 26,965</u>	<u>\$ 74,585</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, 2020**

	Special Revenue				Permanent Fund	Eliminations	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Human Services	Police Department Asset Forfeiture	TIF District	James DeForest Phelps		
Revenues:							
Property taxes	\$	\$	\$	\$ 254,358	\$	\$	\$ 254,358
Intergovernmental							3,547,462
Charges for services	20,321	46,294	51,914				2,450,104
Contributions	6,686						6,736
Income from investments					2		5,728
Other revenues							12,235
Total revenues	<u>27,007</u>	<u>46,294</u>	<u>51,914</u>	<u>254,358</u>	<u>2</u>	<u>-</u>	<u>6,276,623</u>
Expenditures:							
Current:							
General government				140,556			140,556
Public safety			85,424				358,960
Public works							216,753
Health and welfare	24,461	34,754					59,215
Recreation							224,263
Education							4,452,812
Total expenditures	<u>24,461</u>	<u>34,754</u>	<u>85,424</u>	<u>140,556</u>	<u>-</u>	<u>-</u>	<u>5,452,559</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,546</u>	<u>11,540</u>	<u>(33,510)</u>	<u>113,802</u>	<u>2</u>	<u>-</u>	<u>824,064</u>
Other Financing Sources (Uses):							
Transfers in						(281,602)	-
Transfers out				(64,407)	(2)	281,602	(114,409)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,407)</u>	<u>(2)</u>	<u>-</u>	<u>(114,409)</u>
Net Change in Fund Balances	2,546	11,540	(33,510)	49,395	-	-	709,655
Fund Balances at Beginning of Year	<u>(11,297)</u>	<u>21,768</u>	<u>476,022</u>		<u>3,835</u>		<u>3,312,791</u>
Fund Balances at End of Year	<u>\$ (8,751)</u>	<u>\$ 33,308</u>	<u>\$ 442,512</u>	<u>\$ 49,395</u>	<u>\$ 3,835</u>	<u>\$ -</u>	<u>\$ 4,022,446</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND - BY PROJECT
 JUNE 30, 2020**

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Total Capital Projects Fund</u>
ASSETS				
Cash and cash equivalents	\$ 1,131,203	\$ 1,695,672	\$ 2,961,368	\$ 5,788,243
Receivables, net		11,863		11,863
Due from other funds	166,294	90,738		257,032
Total Assets	<u>\$ 1,297,497</u>	<u>\$ 1,798,273</u>	<u>\$ 2,961,368</u>	<u>\$ 6,057,138</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 102,347	\$ 71,917	\$ 187,573	\$ 361,837
Due to other funds	3,449	262,687	3,882,330	4,148,466
Total liabilities	<u>105,796</u>	<u>334,604</u>	<u>4,069,903</u>	<u>4,510,303</u>
Fund Balances:				
Committed	1,191,701	1,463,669		2,655,370
Unassigned			(1,108,535)	(1,108,535)
Total fund balances	<u>1,191,701</u>	<u>1,463,669</u>	<u>(1,108,535)</u>	<u>1,546,835</u>
Total Liabilities and Fund Balances	<u>\$ 1,297,497</u>	<u>\$ 1,798,273</u>	<u>\$ 2,961,368</u>	<u>\$ 6,057,138</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, 2020**

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Total Capital Projects Fund</u>
Revenues:				
Income from investments	\$ 6,782	\$ 15,571	\$ 17,729	\$ 40,082
Other revenue	936			936
Total revenues	<u>7,718</u>	<u>15,571</u>	<u>17,729</u>	<u>41,018</u>
Expenditures:				
Capital outlay	660,096	1,014,974	2,801,471	4,476,541
Debt service	34,806		22,470	57,276
Total expenditures	<u>694,902</u>	<u>1,014,974</u>	<u>2,823,941</u>	<u>4,533,817</u>
Deficiency of Revenues over Expenditures	<u>(687,184)</u>	<u>(999,403)</u>	<u>(2,806,212)</u>	<u>(4,492,799)</u>
Other Financing Sources:				
Bond issuance		2,465,000	2,025,000	4,490,000
Transfers in	879,798		324,000	1,203,798
Total other financing sources	<u>879,798</u>	<u>2,465,000</u>	<u>2,349,000</u>	<u>5,693,798</u>
Net Change in Fund Balances	192,614	1,465,597	(457,212)	1,200,999
Fund Balances at Beginning of Year	<u>999,087</u>	<u>(1,928)</u>	<u>(651,323)</u>	<u>345,836</u>
Fund Balances at End of Year	<u>\$ 1,191,701</u>	<u>\$ 1,463,669</u>	<u>\$ (1,108,535)</u>	<u>\$ 1,546,835</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
Assets:				
Cash and cash equivalents:				
Student Activities Fund	\$ 206,793	\$ 231,027	\$ 218,088	\$ 219,732
Performance Bond Fund	156,370	99	44,014	112,455
C-PACE Clean Energy Fund	<u>-</u>	<u>33,830</u>	<u>33,830</u>	<u>-</u>
Total Assets	<u>\$ 363,163</u>	<u>\$ 264,956</u>	<u>\$ 295,932</u>	<u>\$ 332,187</u>
Liabilities:				
Accounts payable:				
Student Activities Fund	\$ 206,793	\$ 231,027	\$ 218,088	\$ 219,732
Performance Bond Fund	156,370	99	44,014	112,455
C-PACE Clean Energy Fund	<u>-</u>	<u>33,830</u>	<u>33,830</u>	<u>-</u>
Total Liabilities	<u>\$ 363,163</u>	<u>\$ 264,956</u>	<u>\$ 295,932</u>	<u>\$ 332,187</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
SEWER ADMINISTRATION FUND
REPORT OF SEWER USE CHARGE COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2020**

List Year	Uncollected Charges July 1, 2019	Current Year Billings and Adjustments	Adjusted Charges Collectible	Collections			Uncollected Charges June 30, 2020
				Charges	Interest and Lien Fees	Total	
2006	\$ 113	\$	\$ 113	\$ 113	\$ 795	\$ 908	\$ -
2007	321		321	157	371	528	164
2008	722		722	405	712	1,117	317
2009	870		870	378	740	1,118	492
2010	1,376		1,376	554	912	1,466	822
2011	2,815		2,815	1,120	1,632	2,752	1,695
2012	5,876		5,876	1,818	2,458	4,276	4,058
2013	8,203		8,203	2,529	2,953	5,482	5,674
2014	12,580		12,580	3,547	3,484	7,031	9,033
2015	20,593	(133)	20,460	6,022	4,775	10,797	14,438
2016	41,260	(647)	40,613	11,644	7,283	18,927	28,969
2017	87,664	(679)	86,985	38,844	15,720	54,564	48,141
2018	170,996	(629)	170,367	101,968	26,493	128,461	68,399
Total prior years	353,389	(2,088)	351,301	169,099	68,328	237,427	182,202
2019		2,383,679	2,383,679	2,225,871	33,129	2,259,000	157,808
Total	\$ <u>353,389</u>	\$ <u>2,381,591</u>	\$ <u>2,734,980</u>	\$ <u>2,394,970</u>	\$ <u>101,457</u>	\$ <u>2,496,427</u>	\$ <u>340,010</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2020**

Total tax collections (including interest and lien fees) for 2019 fiscal year						\$	<u>35,988,337</u>
Base						\$	<u><u>35,988,337</u></u>
		General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	
Debt limitation:							
2-1/4 times base	\$	80,973,758	\$		\$		\$
4-1/2 times base			161,947,517				
3-3/4 times base				134,956,264			
3-1/4 times base					116,962,095		
3 times base							107,965,011
Total debt limitation		<u>80,973,758</u>	<u>161,947,517</u>	<u>134,956,264</u>	<u>116,962,095</u>		<u>107,965,011</u>
Indebtedness:							
Bonds and notes payable		9,062,319	8,639,238	6,257,309			
Bonds authorized and unissued		<u>2,075,000</u>	<u>4,065,000</u>				
Net indebtedness		<u>11,137,319</u>	<u>12,704,238</u>	<u>6,257,309</u>	<u>-</u>		<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$	<u><u>69,836,439</u></u>	\$ <u><u>149,243,279</u></u>	\$ <u><u>128,698,955</u></u>	\$ <u><u>116,962,095</u></u>	\$	<u><u>107,965,011</u></u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$251,918,359).

**TOWN OF WINDSOR LOCKS, CONNECTICUT
FOR THE YEAR ENDED JUNE 30, 2020
PRINCIPAL TAXPAYERS**

Name	Nature of Business	Taxable Valuation as of 10/1/18	Percent of Net Taxable Grand List*
EAN Holdings LLC/Camrac	Car rental	\$ 87,627,233	5.91 %
United Technologies	Manufacturing	75,908,339	5.12
PV Holdings Corp	Car rental	40,671,075	2.74
PPF WE 500 North Street	Grocery wholesaler	38,029,390	2.56
Hertz	Car rental	30,573,242	2.06
CT Light and Power/Eversource	Utility	27,157,100	1.83
Algonquin WL & Liberty Power	Utility	20,198,150	1.36
American Honda Motors Co	Parts distribution center	19,876,631	1.34
Ahlstrom-Munksjo Nonwovens	Manufacturing	15,638,180	1.05
Old County Senior Living	Assisted living	<u>12,207,090</u>	<u>0.82</u>
Total		\$ <u><u>367,886,430</u></u>	<u><u>24.79</u></u> %

* Based on 10/01/18 Net Taxable Grand List of \$ 1,483,235,726

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								
2020	2018	37.4	% 25.6	% 1.3	% 19.6	% 16.1	\$ 1,640,611	\$ 157,376	\$ 1,483,236	15.5	%
2019	2017	41.4	22.0	1.2	20.8	14.6	1,415,814	132,080	1,283,734	6.0	
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	42.0	21.0	0.0	20.4	15.2	1,364,824	146,477	1,218,347	(4.1)	
2014	2012	46.5	22.6	0.0	18.4	12.5	1,410,980	141,149	1,269,831	0.4	
2013	2011	50.6	25.2	0.0	8.8	15.4	1,386,837	122,058	1,264,779	2.1	
2012	2010	51.3	25.9	0.0	9.4	13.4	1,357,056	118,518	1,238,538	0.2	
2011	2009	52.0	25.1	0.0	11.0	11.9	1,360,972	125,283	1,235,689	(1.9)	

Date of Last Revaluation 10/1/18
Based on Assessor Data

**TOWN OF WINDSOR LOCKS, CONNECTICUT
CURRENT DEBT STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

Bonded Debt:		
General purpose	\$	9,062,319
Schools		8,639,238
Sewers		6,257,309
Total bonded debt		<u>23,958,866</u>
Total Overall Net Debt	\$	<u><u>23,958,866</u></u>

**CURRENT DEBT RATIOS
FOR THE YEAR ENDED JUNE 30, 2020**

Population, 2017*	12,563
Per capita income, 2015**	34,035
Net taxable grand list, 10/1/18	1,483,235,726
Estimated full value @ 70%	2,118,908,180
Equalized net grand list, 2018***	2,089,399,970

	Overall Debt	Overall Net Debt
	\$ 23,958,866	\$ 23,958,866
Per capita	\$ 1,907	\$ 1,907
To net taxable grand list	1.62%	1.62%
To estimated full value @ 70%	1.13%	1.13%
To equalized net grand list, 2018	1.15%	1.15%
Ratio of debt per capita to per capita income	5.60%	5.60%

* 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, 2020			
2020	2018	\$ 1,154,358	25.83	\$ 38,183	96.8	%	3.2	%	3.2	%
2019	2017	1,283,734	26.66	34,436	97.9		2.1		0.8	
2018	2016	1,210,955	26.66	33,716	96.9		3.0		0.2	
2017	2015	1,259,046	26.66	33,386	97.5		2.5		0.2	
2016	2014	1,177,295	26.79	32,877	98.3		1.9		0.1	
2015	2013	1,218,347	26.23	32,739	98.0		2.0		0.0	
2014	2012	1,269,831	24.54	32,307	98.1		1.8		0.0	
2013	2011	1,264,779	24.27	31,296	97.9		2.1		0.0	
2012	2010	1,238,538	23.40	29,700	97.8		2.2		0.0	
2011	2009	1,235,689	23.15	29,417	98.1		1.9		0.0	