

TOWN OF WINDSOR LOCKS, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2017, 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, 2017 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principle

As discussed in Note 11 and Note 12 to the financial statements, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and GASB Statement No. 77, *Tax Abatement Disclosures*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 51 through 57 and the pension and OPEB schedules on pages 58 through 63 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 statement of the Town of Windsor Locks, Connecticut, as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated December 23, 2016, 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, 2016 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 2016 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2016 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, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017 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 28, 2017

**TOWN OF WINDSOR LOCKS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$87.3 million (net position). Of this amount, \$21.9 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 \$3.5 million (4%) to \$87.3 million. The majority of the increase is attributable to the addition of capital assets.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$15.3 million, a decrease of \$3.5 million in comparison with the prior fiscal year. This was due to an active effort by the Board of Finance to better manage the utilization of existing fund balances.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$11.4 million, or 21.5% 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 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 and combined Capital Projects Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in exhibit B1 and B2.

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

Proprietary Funds

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

Fiduciary Funds

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's current year net position increased from \$83.8 million in fiscal year 2016 to \$87.3 million largely in part due to increases in assets. 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	
	2017	2016
Current and other assets	\$ 35,873	\$ 32,969
Capital assets, net of accumulated depreciation	89,524	85,855
Total assets	<u>125,397</u>	<u>118,824</u>
Deferred outflows of resources	<u>3,884</u>	<u>1,478</u>
Long-term debt outstanding	30,432	30,169
Other liabilities	11,460	6,317
Total liabilities	<u>41,892</u>	<u>36,486</u>
Deferred inflows of resources	<u>67</u>	<u>36</u>
Net Position:		
Net investment in capital assets	65,367	65,124
Restricted	4	4
Unrestricted	<u>21,951</u>	<u>18,652</u>
Total Net Position	<u>\$ 87,322</u>	<u>\$ 83,780</u>

Net position of the Town's governmental activities increased by 4.2%. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

TABLE 2
CHANGE IN NET POSITION
In Thousands

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues:		
Charges for services:	\$ 5,954	\$ 5,495
Operating grants and contributions	17,305	14,746
Capital grants and contributions	1,115	600
General revenues:		
Property taxes	33,463	33,043
Grants and contributions not restricted to specific purposes	3,882	3,893
Investment income	115	115
Miscellaneous	176	105
Total revenues	<u>62,010</u>	<u>57,997</u>
Expenses:		
General government	2,531	983
Public safety	5,046	5,529
Public works	5,765	4,425
Health and welfare	525	585
Recreation	1,155	1,161
Education	43,031	40,055
Interest on long-term debt	415	371
Total program expenses	<u>58,468</u>	<u>53,109</u>
Increase in Net Position	<u>\$ 3,542</u>	<u>\$ 4,888</u>

Governmental Activities

Approximately 53.9% of the revenues were derived from property taxes, followed by 33.3% from operating grants and contributions, and 9.5% charges for services. The remaining 3.2% was derived from other types of grants, investment earnings, and miscellaneous revenue.

Major revenue and expenditure factors included:

- Conservative efforts by general government combined with a reduction in employee benefits resulted in a positive position from budget to actual expenditures.
- An administrative oversight of the DMV file, causing an artificial increase in the Motor Vehicle Grand List. This resulted in a significant current year revenue refund.
- Property, liability, and worker's compensation remained relatively flat. The Town has a self-insured medical program and this year medical insurance expenditures increased by 2.8%.
- Utilization of assigned fund balance to cover a clerical budgeting error in debt service expenditures.
- The cost of education services increased due to negotiated wage settlements, employee health insurance cost increases, special education cost; all of which were anticipated and budgeted for.

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

**TABLE 3
GOVERNMENTAL ACTIVITIES
In Thousands**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General government	\$ 2,531	\$ 983	\$ (1,058)	\$ (2,415)
Public safety	5,046	5,529	4,662	5,261
Public works	5,765	4,425	2,810	1,379
Health and welfare	525	585	433	432
Recreation	1,155	1,161	744	748
Education	43,031	40,055	26,089	26,505
Interest	415	371	415	356
Totals	<u>\$ 58,468</u>	<u>\$ 53,109</u>	<u>\$ 34,095</u>	<u>\$ 32,266</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 \$15.3 million, which is a decrease from last year's total of \$18.8 million. Approximately \$4.4 million of this total amount constitutes unassigned fund balance, which is available for spending at the Town's discretion. \$173 thousand is assigned as encumbrances and subsequent years' appropriations. \$9.6 million is committed to designated use. The remainder of fund balance, \$1.1 million is classified as either restricted or non-spendable to indicate that it is not available for liquidation due to external or legislative constraints.

General Fund Budgetary Highlights

The General Fund is the operating fund of the Town. At the end of the current fiscal year, total fund balance and unassigned fund balance of the General Fund was \$11.6 million and \$11.4 million, respectively.

As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 21.5% of total General Fund expenditures and transfers. This is comfortably within the range of the Town's fund balance policy range of 18% to 25%.

The fund balance of the Town's General Fund decreased by approximately \$1.4 million while the Unassigned fund balance decreased by \$589 thousand during the fiscal year. A major contributor to the reduction in fund balance was two large appropriations, approved through the town meeting process, to transfer out to other funds for future year obligations. These appropriations were made to the Medical Insurance fund and the OPEB fund.

Sewer Administration Fund

The total fund balance increased slightly by approximately \$262 thousand. Income from sewer use charges increased, but was offset by a decrease in fees and other income. Expenditures stayed relatively flat. \$103 thousand of the transfer out was to the General Fund for debt service.

Capital Projects Fund

This fund accounts for financial resources to be used for the acquisition of major equipment or construction of facilities. Appropriations are made annually by the Board of Finance and citizen referendum pursuant to the Town Charter. Expenditures for capital projects and equipment for 2017 totaled 6.1 million.

The Town continues with ongoing renovations and upgrade projects for Town Hall, and moves forward with existing sewer and road reconstruction projects. There have been various sidewalk improvements throughout town with a plan to connect existing sidewalks along route 75 in place.

The WPCA has started a multi-year project that includes renovations and upgrades to the Dexter Pump Station, radio communication upgrades, and equipment and system upgrades at the WPCA facility.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, 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 \$139.2 million and \$89.5 million net of accumulated depreciation.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)
In Thousands

	Governmental Activities	
	2017	2016
Land	\$ 5,278	\$ 5,250
Construction in progress	13,238	9,450
Land improvements	1,790	1,880
Buildings	6,962	7,161
Building improvements	29,116	28,991
Machinery and equipment	5,697	4,949
Vehicles	2,916	3,095
Furniture and fixtures	159	145
Infrastructure	24,368	24,934
Totals	<u>\$ 89,524</u>	<u>\$ 85,855</u>

This year's major additions included:

- Middle School partial roof replacement
- New pumper truck for the Fire Department
- WPCA equipment upgrades

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

Long-Term Debt

At June 30, 2017, the Town had bonded debt outstanding of \$17.8 million, with \$2.0 million due within the next year. All of this debt comprises debt backed by the full faith and credit of the Town.

The Town maintains an "AA+" rating assigned by Standard & Poor's and maintains an "Aa1" rating from Moody's Investors Service for general obligation debt. The State limits the amount of general obligation debt that towns can issue on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$231.8 million State-imposed limit.

The Town's total debt increased by a net of \$263 thousand. Total long term debt is inclusive of Capital Leases, Net Pension Liability, OPEB (Other Post-Employment Benefits) obligation, MERS service costs, compensated absences and Heart and Hypertension claims. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

According to the Connecticut Department of Labor, the November 2017 unemployment rate for the Town is currently 4.3%, which is a marginal increase from a rate of 3.7% a year ago. The Town is in line with the State's average unemployment rate of 4.3%, and slightly above the National Average of 3.9% as of November 2017.

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

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, 2017

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 26,906,398
Investments	4,346,994
Receivables, net	4,614,065
Inventories	5,593
Capital assets:	
Assets not being depreciated	18,515,156
Assets being depreciated, net	<u>71,008,440</u>
Total assets	<u>125,396,646</u>
Deferred Outflows of Resources:	
Pension contributions subsequent to the measurement date	873,983
Pension change in pension proportionate share	30,069
Pension differences between expected and actual actuarial experience	358,922
Pension differences between expected and actual investment experience	2,450,476
Deferred charge on refunding	170,951
Total deferred outflows of resources	<u>3,884,401</u>
Liabilities:	
Accounts and other payables	2,325,195
Bond anticipation note payable	8,810,000
Unearned revenue	324,911
Noncurrent liabilities:	
Due within one year	2,548,692
Due in more than one year	<u>27,883,161</u>
Total liabilities	<u>41,891,959</u>
Deferred Inflows of Resources:	
Advance property tax collections	<u>66,906</u>
Net Position:	
Net investment in capital assets	65,367,453
Restricted for trust purposes:	
Nonexpendable	3,835
Unrestricted	<u>21,950,894</u>
Total Net Position	<u>\$ 87,322,182</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, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental activities:					
General government	\$ 2,531,628	\$ 804,247	\$ 2,543,649	\$ 242,524	\$ 1,058,792
Public safety	5,045,530	367,457	16,079		(4,661,994)
Public works	5,764,647	2,684,030	270,879		(2,809,738)
Health and welfare	525,370	59,346	33,145		(432,879)
Recreation	1,154,700	405,214	5,326		(744,160)
Education	43,031,310	1,634,017	14,435,844	872,028	(26,089,421)
Interest on long-term debt	415,333				(415,333)
Total Governmental Activities	\$ 58,468,518	\$ 5,954,311	\$ 17,304,922	\$ 1,114,552	(34,094,733)
General revenues:					
Property taxes					33,463,239
Grants and contributions not restricted to specific programs					3,882,385
Unrestricted investment earnings					115,313
Miscellaneous					175,929
Total general revenues					<u>37,636,866</u>
Change in net position					3,542,133
Net Position at Beginning of Year					<u>83,780,049</u>
Net Position at End of Year					<u>\$ 87,322,182</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Special Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 5,578,487	\$ 1,370,282	\$ 10,582,574	\$ 1,386,227	\$ 1,240,975	\$ 20,158,545
Investments	3,011,690	1,331,469			3,835	4,346,994
Receivables, net	1,762,639	297,982		553,401	541,779	3,155,801
Due from other funds	4,043,296				142,645	4,185,941
Inventories					5,593	5,593
Total Assets	<u>\$ 14,396,112</u>	<u>\$ 2,999,733</u>	<u>\$ 10,582,574</u>	<u>\$ 1,939,628</u>	<u>\$ 1,934,827</u>	<u>\$ 31,852,874</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 1,190,746	\$ 18,726	\$ 248,512	\$ 30,686	\$ 140,150	\$ 1,628,820
Bond anticipation notes payable			8,810,000			8,810,000
Due to other funds	142,645	69,295	2,651,856	1,139,243	181,460	4,184,499
Unearned revenue	105,007			169,399	50,505	324,911
Total liabilities	<u>1,438,398</u>	<u>88,021</u>	<u>11,710,368</u>	<u>1,339,328</u>	<u>372,115</u>	<u>14,948,230</u>
Deferred Inflows of Resources:						
Advance property tax collections	66,906					66,906
Unavailable revenue - property taxes	1,034,139					1,034,139
Unavailable revenue - long-term receivable	204,172					204,172
Unavailable revenue - special assessments		294,246				294,246
Total deferred inflows of resources	<u>1,305,217</u>	<u>294,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,599,463</u>
Fund Balances:						
Nonspendable					8,593	8,593
Restricted				600,300	468,667	1,068,967
Committed		2,617,466	5,851,604		1,141,126	9,610,196
Assigned	172,709					172,709
Unassigned	11,479,788		(6,979,398)		(55,674)	4,444,716
Total fund balances	<u>11,652,497</u>	<u>2,617,466</u>	<u>(1,127,794)</u>	<u>600,300</u>	<u>1,562,712</u>	<u>15,305,181</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,396,112</u>	<u>\$ 2,999,733</u>	<u>\$ 10,582,574</u>	<u>\$ 1,939,628</u>	<u>\$ 1,934,827</u>	<u>\$ 31,852,874</u>

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

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)	\$ 15,305,181
--	---------------

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 139,166,700	
Less accumulated depreciation	<u>(49,643,104)</u>	
Net capital assets		89,523,596

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	1,034,139
Interest and lien receivable on property taxes	376,413
Assessments receivable	294,246
Interest and lien receivable on assessments	133,732
Receivable from the state for school construction projects	204,172
Deferred outflow related to differences between pension projected and actual investment activity	2,450,476
Deferred outflow related to differences between pension projected and actual actuarial experience	358,922
Deferred outflow related to change in pension proportionate share	30,069
Deferred outflow related to pension contributions subsequent to the measurement date	873,983

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.

7,170,219

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

Bonds and notes payable	(18,665,781)
Interest payable on bonds and notes	(172,064)
Compensated absences	(1,049,157)
Capital leases	(1,367,881)
Net pension liability	(8,685,833)
Payable to MERS	(53,860)
OPEB obligation	(506,841)
Heart and hypertension	(102,500)
Deferred charge on refunding	<u>170,951</u>

Net Position of Governmental Activities (Exhibit I)

\$ 87,322,182

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, 2017**

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Special Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 33,322,996	\$	\$	\$	\$	\$ 33,322,996
Intergovernmental	17,238,467	7,427	872,028	3,518,802	1,172,783	22,809,507
Charges for services	976,487	2,319,779		1,173,430	1,054,314	5,524,010
Contributions					11,331	11,331
Income on investments	78,260	13,990	17,793		5,270	115,313
Other revenues	89,153	7,806			2,210	99,169
Total revenues	<u>51,705,363</u>	<u>2,349,002</u>	<u>889,821</u>	<u>4,692,232</u>	<u>2,245,908</u>	<u>61,882,326</u>
Expenditures:						
Current:						
General government	1,956,120				354,878	2,310,998
Public safety	4,628,803				338,603	4,967,406
Public works	2,490,092	1,535,719			59,236	4,085,047
Health and welfare	414,561				83,788	498,349
Recreation	809,388				245,720	1,055,108
Employee benefits and insurance	4,181,868					4,181,868
Education	35,014,898			4,094,859	901,950	40,011,707
Capital outlay			6,005,282			6,005,282
Debt service	2,926,476		79,882			3,006,358
Total expenditures	<u>52,422,206</u>	<u>1,535,719</u>	<u>6,085,164</u>	<u>4,094,859</u>	<u>1,984,175</u>	<u>66,122,123</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(716,843)</u>	<u>813,283</u>	<u>(5,195,343)</u>	<u>597,373</u>	<u>261,733</u>	<u>(4,239,797)</u>
Other Financing Sources (Uses):						
Issuance of capital leases			662,674			662,674
BAN premiums			73,447			73,447
Transfers in	164,501		1,246,792		22,000	1,433,293
Transfers out	(851,792)	(551,497)			(30,004)	(1,433,293)
Total other financing sources (uses)	<u>(687,291)</u>	<u>(551,497)</u>	<u>1,982,913</u>	<u>-</u>	<u>(8,004)</u>	<u>736,121</u>
Net Change in Fund Balances	(1,404,134)	261,786	(3,212,430)	597,373	253,729	(3,503,676)
Fund Balances at Beginning of Year	<u>13,056,631</u>	<u>2,355,680</u>	<u>2,084,636</u>	<u>2,927</u>	<u>1,308,983</u>	<u>18,808,857</u>
Fund Balances at End of Year	<u>\$ 11,652,497</u>	<u>\$ 2,617,466</u>	<u>\$ (1,127,794)</u>	<u>\$ 600,300</u>	<u>\$ 1,562,712</u>	<u>\$ 15,305,181</u>

(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, 2017**

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) \$ (3,503,676)

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

Capital outlay	6,311,203
Depreciation expense	(2,555,020)

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. (87,328)

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

School building grant receipts	(153,616)
Property tax receivable - accrual basis change	170,065
Property tax interest and lien receivable - accrual basis change	(29,822)
Sewer assessment receivable - accrual basis change	42,842
Sewer assessment interest and lien receivable - accrual change	16,019
Change in deferred outflow related to pension differences between projected and actual investment activity	2,003,415
Change in deferred outflow related to pension differences between projected and actual actuarial experience	358,922
Change in deferred outflow related to changes in pension proportionate share	30,069
Change in deferred outflow related to pension contributions subsequent to the measurement date	40,579

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

Bond and note principal payments	2,132,522
Capital lease proceeds	(662,674)
Capital lease payments	394,486

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	165,961
OPEB obligation	380,132
Accrued interest	17,556
Amortization of bond premiums	72,932
Amortization of payable to MERS	10,772
Amortization of deferred charge on refunding	(26,471)
Heart and hypertension claims	30,000
Net pension liability	(2,787,270)

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.

1,170,535

Change in Net Position of Governmental Activities (Exhibit II) \$ 3,542,133

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2017**

	Governmental Activities <u>Internal Service Fund</u>
Assets:	
Current:	
Cash and cash equivalents	\$ 6,747,853
Accounts receivable	948,119
Due from other funds	<u>6,164</u>
Total assets	<u>7,702,136</u>
Liabilities:	
Accounts payable	178,311
Claims payable	346,000
Due to other funds	<u>7,606</u>
Total liabilities	<u>531,917</u>
Net Position:	
Unrestricted	\$ <u><u>7,170,219</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues:	
Premiums	\$ <u>6,217,555</u>
Operating Expenses:	
Claims	4,821,828
Administration	<u>247,932</u>
Total operating expenses	<u>5,069,760</u>
Operating Income (Loss)	1,147,795
Nonoperating Revenue:	
Income on investments	<u>22,740</u>
Change in Net Position	1,170,535
Net Position at Beginning of Year	<u>5,999,684</u>
Net Position at End of Year	\$ <u><u>7,170,219</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, 2017**

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 5,381,431
Cash payments to providers of benefits and administration	(5,034,145)
Net cash provided by (used in) operating activities	<u>347,286</u>
Cash Flows from Investing Activities:	
Income on investments	<u>22,740</u>
Net Increase (Decrease) in Cash and Cash Equivalents	370,026
Cash and Cash Equivalents at Beginning of Year	<u>6,377,827</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,747,853</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 1,147,795
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in due from other funds	24,216
(Increase) decrease in accounts receivable	(860,340)
Increase (decrease) in claims and accounts payable	77,221
Increase (decrease) in due to other funds	<u>(41,606)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 347,286</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, 2017

	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$	\$ 219,184
Investments	3,215,035	
Accounts receivable	<u>8,338</u>	<u> </u>
Total assets	3,223,373	<u>\$ 219,184</u>
Liabilities:		
Accounts and other payables	<u> </u>	<u>\$ 219,184</u>
Net Position:		
Restricted for OPEB benefits	<u>\$ 3,223,373</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, 2017**

	<u>OPEB Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 787,285
Other income	<u>45,206</u>
Total contributions	832,491
Investment income (loss):	
Net change in fair value of investments	<u>307,665</u>
Total additions	1,140,156
Deductions:	
Benefits	<u>159,517</u>
Change in Net Position	980,639
Net Position - Beginning of Year	<u>2,242,734</u>
Net Position - End of Year	<u><u>\$ 3,223,373</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

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

The Town reports the following major governmental funds:

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

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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 \$117,991 has been established as an allowance for uncollectible taxes. At June 30, 2017, this represents 8.8% of all property taxes receivable.

In the fund financial statements, all property taxes receivable at June 30, 2017, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60-day period have been recorded as revenue.

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

F. Capital Assets

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017**

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

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

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

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

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Town reports deferred outflows related to pension in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town also reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax receivables represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, long-term receivables and special assessments. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

H. Compensated Absences

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

I. Net Pension Liability

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

J. Net OPEB Obligation

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the City's contributions to the plan. These amounts are calculated on an actuarial basis and are recorded as noncurrent liabilities in the government-wide financial statements.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

L. Fund Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

M. Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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JUNE 30, 2017**

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

During the year, additional appropriations from fund balance approved at Town Meeting totaled \$2,276,000.

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

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

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

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

B. Fund Deficits

The Capital Projects fund, the Cafeteria fund, a non-major special revenue fund, the Commission on Needs of the Aging fund, a non-major special revenue fund had fund deficits of \$1,127,794, \$36,436 and \$13,645, which will be financed by permanent financing of the Bond Anticipation Notes and General Fund transfers and charges for services, respectively.

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.

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

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$14,898,613 of the Town’s bank balance of \$15,382,808 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 13,383,752
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,514,861</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 14,898,613</u>

Cash Equivalents

At June 30, 2017, the Town’s cash equivalents amounted to \$12,597,170. 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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Investments

As of June 30, 2017, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 4,346,994	\$ <u>745,607</u>	\$ <u>3,601,387</u>	\$ <u>-</u>
Other investments:					
Mutual funds	n/a	<u>3,215,035</u>			
Total Investments		\$ <u>7,562,029</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk

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

Credit Risk - Investments

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2017, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Mutual funds	\$ 3,215,035	\$ 3,215,035	\$ -	\$ -
Total investments measured at fair value	3,215,035			
Certificates of deposit	<u>4,346,994</u>			
Total Investments	<u>\$ 7,562,029</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.

4. RECEIVABLES

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

	<u>General</u>	<u>Sewer Administration</u>	<u>Special Education Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,332,521	\$	\$	\$	\$ 1,332,521
Accounts	91,042	3,736		1,165,251	1,260,029
Sewer assessments		298,746			298,746
Intergovernmental	<u>457,067</u>		<u>553,401</u>	<u>332,985</u>	<u>1,343,453</u>
Gross receivables	1,880,630	302,482	553,401	1,498,236	4,234,749
Less allowance for uncollectibles	<u>(117,991)</u>	<u>(4,500)</u>			<u>(122,491)</u>
Net Total Receivables	<u>\$ 1,762,639</u>	<u>\$ 297,982</u>	<u>\$ 553,401</u>	<u>\$ 1,498,236</u>	<u>\$ 4,112,258</u>

Note: Above does not include accrued interest and liens on property taxes of \$376,413 and sewer use charges of \$133,732.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, 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	\$ 5,249,647	\$ -	\$ 28,000	\$ -	\$ 5,277,647
Construction in progress	9,449,920	(1,547,233)	5,334,822	-	13,237,509
Total capital assets not being depreciated	<u>14,699,567</u>	<u>(1,547,233)</u>	<u>5,362,822</u>	<u>-</u>	<u>18,515,156</u>
Capital assets being depreciated:					
Buildings	14,800,314	-	-	-	14,800,314
Building improvements	39,502,208	986,396	-	-	40,488,604
Land improvements	2,914,903	-	-	-	2,914,903
Machinery and equipment	13,947,050	560,837	786,534	(171,913)	15,122,508
Vehicles	6,395,257	-	132,958	(220,000)	6,308,215
Furniture and fixtures	230,469	-	28,889	-	259,358
Infrastructure	40,757,642	-	-	-	40,757,642
Total capital assets being depreciated	<u>118,547,843</u>	<u>1,547,233</u>	<u>948,381</u>	<u>(391,913)</u>	<u>120,651,544</u>
Less accumulated depreciation for:					
Buildings	(7,639,035)	-	(198,991)	-	(7,838,026)
Building improvements	(10,511,204)	-	(861,043)	-	(11,372,247)
Land improvements	(1,034,964)	-	(90,207)	-	(1,125,171)
Machinery and equipment	(8,997,974)	-	(512,118)	84,585	(9,425,507)
Vehicles	(3,300,461)	-	(311,831)	220,000	(3,392,292)
Furniture and fixtures	(85,507)	-	(15,173)	-	(100,680)
Infrastructure	(15,823,524)	-	(565,657)	-	(16,389,181)
Total accumulated depreciation	<u>(47,392,669)</u>	<u>-</u>	<u>(2,555,020)</u>	<u>304,585</u>	<u>(49,643,104)</u>
Total capital assets being depreciated, net	<u>71,155,174</u>	<u>1,547,233</u>	<u>(1,606,639)</u>	<u>(87,328)</u>	<u>71,008,440</u>
Governmental Activities Capital Assets, Net	<u>\$ 85,854,741</u>	<u>\$ -</u>	<u>\$ 3,756,183</u>	<u>\$ (87,328)</u>	<u>\$ 89,523,596</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 189,061
Public safety	338,561
Public works	1,007,043
Recreation	60,718
Education	<u>959,637</u>
Total	<u>\$ 2,555,020</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2017, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Administration Fund	\$ 69,295
	Capital Projects Fund	2,651,856
	Special Education Grants	1,139,243
	Internal Service Funds	7,606
	Nonmajor Governmental Funds	<u>175,296</u>
		4,043,296
Nonmajor Governmental Funds	General Fund	142,645
Internal Service Fund	Nonmajor Governmental Funds	<u>6,164</u>
		<u>\$ 4,192,105</u>

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

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	
Transfers out:				
General Fund	\$	\$ 829,792	\$ 22,000	\$ 851,792
Sewer Administration Fund	134,497	417,000		551,497
Nonmajor Governmental	<u>30,004</u>			<u>30,004</u>
Total Transfers In	<u>\$ 164,501</u>	<u>\$ 1,246,792</u>	<u>\$ 22,000</u>	<u>\$ 1,433,293</u>

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017, 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	\$ 19,400,000	\$	\$ 2,040,000	\$ 17,360,000	\$ 2,005,000
Clean water notes	575,309		92,522	482,787	94,389
Bond premiums	895,926		72,932	822,994	
Total	<u>20,871,235</u>	<u>-</u>	<u>2,205,454</u>	<u>18,665,781</u>	<u>2,099,389</u>
Capital leases	1,099,693	662,674	394,486	1,367,881	298,271
Net pension liability	5,898,563	2,787,270		8,685,833	
OPEB obligation	886,973		380,132	506,841	
MERS prior service costs	64,632		10,772	53,860	10,772
Compensated absences	1,215,118	17,496	183,457	1,049,157	140,260
Heart and hypertension claims	132,500		30,000	102,500	
Total Governmental Activities Long-Term Liabilities	<u>\$ 30,168,714</u>	<u>\$ 3,467,440</u>	<u>\$ 3,204,301</u>	<u>\$ 30,431,853</u>	<u>\$ 2,548,692</u>

The following is a summary of bond and note issues at June 30, 2017:

<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, 2017</u>
Bonds/notes:					
Town:					
General obligation	10/4/2013	10/1/2028	2.0-4.1	\$ 2,775,000	\$ 2,212,975
Refunding bond	7/1/2014	8/1/2024	2.0-3.0	3,400,000	2,328,626
General obligation	3/16/2016	3/15/2036	2.0-4.0	2,941,500	2,793,655
Schools:					
General obligation	10/4/2013	10/1/2028	2.0-4.1	1,965,000	1,567,025
Refunding bond	7/1/2014	8/1/2024	2.0-3.0	3,185,000	2,181,374
General obligation	3/16/2016	3/15/2036	2.0-4.0	6,608,500	6,276,345
Sewer:					
Clean water loan	5/31/2003	5/31/2022	2.0	1,715,669	<u>482,787</u>
					<u>\$ 17,842,787</u>

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

Year Ending June 30,	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 2,005,000	\$ 527,956	\$ 94,389	\$ 8,794	\$ 2,099,389	\$ 536,750
2019	1,505,000	467,356	96,294	6,888	1,601,294	474,244
2020	1,230,000	418,381	98,238	4,945	1,328,238	423,326
2021	1,230,000	376,681	100,221	2,962	1,330,221	379,643
2022	1,230,000	337,738	93,645	939	1,323,645	338,677
2023-2027	5,255,000	1,121,115			5,255,000	1,121,115
2028-2032	3,005,000	520,407			3,005,000	520,407
2033-2036	1,900,000	142,500			1,900,000	142,500
Total	<u>\$ 17,360,000</u>	<u>\$ 3,912,134</u>	<u>\$ 482,787</u>	<u>\$ 24,528</u>	<u>\$ 17,842,787</u>	<u>\$ 3,936,662</u>

Bond Anticipation Notes

The bond anticipation notes were issued for roadway infrastructure and school projects. The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2017:

Date Issued	Maturity Date	Interest Rate (%)	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
3-24-16	3-23-17	2.00	\$ 2,600,000	\$	\$ 2,600,000	\$ -
3-23-17	3-22-18	2.00		8,810,000		8,810,000
			<u>\$ 2,600,000</u>	<u>\$ 8,810,000</u>	<u>\$ 2,600,000</u>	<u>\$ 8,810,000</u>

Capital Projects

As of June 30, 2017, the Town had authorized unissued bonds of \$12,671,933 available to fund capital projects.

Debt Limit

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

Category	Debt Limitation	Indebtedness	Balance
General purpose	\$ 74,492,874	\$ 10,972,756	\$ 63,520,118
Schools	148,985,748	12,155,005	136,830,743
Sewers	124,154,790	7,182,787	116,972,003
Urban renewal	107,600,818		107,600,818
Pension deficit	99,323,832		99,323,832

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivables of \$204,172 for bond principal are reflected as deductions in the computation of net indebtedness.

Capital Leases

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

The assets acquired through capital leases are as follows:

	<u>Amount</u>
Asset:	
Equipment	\$ 3,144,513
Less accumulated depreciation	<u>470,100</u>
 Total	 <u>\$ 2,674,413</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, 2017:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 324,353
2019	257,215
2020	257,215
2021	257,215
2022	120,342
Thereafter	<u>240,688</u>
Total minimum lease payments	1,457,028
Less amount representing interest	<u>(89,147)</u>
 Present Value of Future Minimum Lease Payment	 <u>\$ 1,367,881</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

8. FUND BALANCE

The components of fund balance for governmental funds at June 30, 2017, are as follows:

	<u>General Fund</u>	<u>Sewer Administration Fund</u>	<u>Capital Projects Fund</u>	<u>Education Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Endowment	\$	\$	\$	\$	\$ 3,000	\$ 3,000
Inventories					5,593	5,593
Restricted for:						
Grants				600,300	468,667	1,068,967
Committed to:						
Sewer assessment		2,617,466				2,617,466
Capital projects			5,851,604			5,851,604
General government					835	835
Public safety					158,465	158,465
Public works					817,780	817,780
Health and welfare					84,827	84,827
Recreation					79,219	79,219
Assigned to:						
General government - encumbrances	377					377
Public safety - encumbrances	469					469
Public works - encumbrances	243					243
Education - encumbrances	171,620					171,620
Unassigned	<u>11,479,788</u>		<u>(6,979,398)</u>		<u>(55,674)</u>	<u>4,444,716</u>
Total Fund Balances	<u>\$ 11,652,497</u>	<u>\$ 2,617,466</u>	<u>\$ (1,127,794)</u>	<u>\$ 600,300</u>	<u>\$ 1,562,712</u>	<u>\$ 15,305,181</u>

Encumbrances of \$172,709 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. Settled claims have not exceeded coverage in any of the past three years and there has not been a significant reduction in coverage in the fiscal year July 1, 2016 to June 30, 2017.

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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 JUNE 30, 2017**

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

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

Medical Insurance Fund	Balance July 1	Current Year Claims And Changes In Estimates	Claims Payments	Balance June 30
2015-2016	\$ 325,000	\$ 4,383,486	\$ 4,357,486	\$ 351,000
2016-2017	351,000	4,821,828	4,826,828	346,000

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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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JUNE 30, 2017**

Normal Retirement

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

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

Early Retirement

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

Disability Retirement - Service Connected

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

Disability Retirement - Non-Service Connected

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

Death Benefit

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

C. Contributions

Member

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

Employer

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

At June 30, 2017, the Town reports a total liability of \$8,685,833 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2017, the Town's proportion was 2.6% which represents a decrease in proportion from June 30, 2016 of 0.5%.

For the year ended June 30, 2017, the Town recognized pension expense of \$2,001,865 in Exhibit II. At June 30, 2017, the Town reported deferred outflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 2,450,476
Change in proportionate share	30,069
Net difference between projected and actual actuarial experience	358,922
Town contributions subsequent to the measurement date	<u>873,983</u>
Total	<u>\$ 3,713,450</u>

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

<u>Year Ending June 30,</u>	
2018	\$ 631,182
2019	631,182
2020	981,817
2021	<u>595,286</u>
Total	<u>\$ 2,839,467</u>

E. Actuarial Assumptions

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

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

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

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

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

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

F. Discount Rate

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017**

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

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Town's proportionate share of the net pension liability	\$ 13,775,804	\$ 8,685,833	\$ 4,394,737

H. Payable to MERS

The Town has also recorded \$53,860 as a long-term payable to MERS at June 30, 2017. This amount represents prior service costs calculated when the Town entered the plan.

Teachers' Retirement Plan

A. Plan Description

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

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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017**

C. Contributions

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

Employer (School Districts)

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

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

Employees

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

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

At June 30, 2017, 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>54,094,788</u>
Total	\$	<u><u>54,094,788</u></u>

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

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$5,899,231 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (Non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	<u>100.0%</u>	

F. Discount Rate

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

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

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

H. Other Information

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

11. POSTEMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN

A. Summary of Significant Accounting Policies

Basis of Accounting

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

B. Plan Description

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

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017**

At July 1, 2015, plan membership consisted of the following:

	Retiree Health Plan
Retired members and their spouses	26
Active plan members	<u>367</u>
Total Participants	<u><u>393</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 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, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 13.34%. 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
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017**

E. Net OPEB Liability of the Town

During the year, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

Total OPEB liability	\$	5,303,671
Plan fiduciary net position		<u>3,223,373</u>
Net OPEB Liability	\$	<u><u>2,080,298</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		60.78%

The Town’s net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Investment rate of return	6.50%, net of investment expenses
Healthcare cost trend rates	8.00% for 2015, decreasing by 0.50% per year down to 5.00% in 2021 and beyond

Mortality rates for all employees except Police were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2015.

Mortality rates for Police were based on the RP-2014 Adjusted to 2006 Blue Collar Mortality Table, projected to the valuation date with Scale MP-2015.

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, 2017.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Government/Credit Fixed Income	29.44 %	2.00 %
High Yield	4.33	3.25
US Large & Mid Cap	43.40	5.00
US Small Cap	2.79	5.50
International Equity - Developed	17.90	5.25
International - Emerging Markets	1.69	6.00
Real Estate Investment Trust	0.45	5.00
Total	100.00 %	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net OPEB liability (asset)	\$ 2,637,757	\$ 2,080,298	\$ 1,596,221

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Sensitivity of The Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.00% decreasing to 4.00%) or 1 percentage point higher (9.00% decreasing to 6.00%) than the current healthcare cost trend rates:

		Healthcare Cost Trend Rates	
	1% Decrease (7.00% Decreasing to 4.00%)	(8.00% Decreasing to 5.00%)	(9.00% Decreasing to 6.00%)
Net OPEB liability (asset)	\$ 1,425,277	\$ 2,080,298	\$ 2,861,281

F. Annual OPEB Cost and Net OPEB Obligations

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

	Retiree Health Plan
Annual required contribution (ARC)	\$ 425,085
Interest on net OPEB obligation	57,653
Adjustment to annual required contribution	<u>(75,585)</u>
Annual OPEB cost	407,153
Contributions made	<u>787,285</u>
Increase in net OPEB obligation	(380,132)
Net OPEB obligation at beginning of year	<u>886,973</u>
Net OPEB Obligation at End of Year	<u><u>\$ 506,841</u></u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended June 30, 2015, 2016 and 2017 are presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/15	\$ 345,816	\$ 525,885	152.07 %	\$ 876,795
6/30/16	357,477	347,299	97.15	886,973
6/30/17	407,153	787,285	193.36	506,841

Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2011	\$ 1,065,348	\$ 3,924,205	\$ 2,858,857	27 %	\$ 23,952,238	12 %
7/1/2013	1,550,968	4,038,637	2,487,669	38	22,136,805	11
7/1/2015	2,092,160	4,798,725	2,706,565	44	24,194,757	11

12. TAX ABATEMENTS

As of June 30, 2017 the Town entered into Tax Assessment Agreements with electric generating facilities which provide real and personal property tax abatements for real and personal property improvements pursuant to Connecticut General Statutes Section 32-71(a)a and 32-71(e). The agreements are entered into by the Town and are approved by the Town Meeting. The abatements are obtained pursuant to a contract between the Town and the owner of the property. The agreements fix the assessment value prior to improvement and defer the increase in the assessed value attributable to the construction/renovation over a period not to exceed five years. Continuation of the agreement is conditioned upon continued compliance with the provisions of the agreement and is terminated upon sale or transfer of the property for any other purpose unless the Town has consented thereto. For the fiscal year ended June 30, 2017, taxes abated through this program total \$166,006. There are provisions to recapture abated taxes under this program if the company ceases operations at the facility within twenty years of signing the agreement. No other commitments have been made by the Town to the abatement recipients under this program.

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, 2017**

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Property Taxes:				
Current taxes	\$ 31,526,682	\$ 31,526,682	\$ 30,539,661	\$ (987,021)
Supplemental taxes	1,200,000	1,200,000	1,850,246	650,246
Prior year taxes	300,000	300,000	569,511	269,511
Interest and lien fees	150,000	150,000	278,450	128,450
Telephone access line	48,000	48,000	46,096	(1,904)
Housing authority in lieu of tax	28,000	28,000	39,032	11,032
Total property taxes	<u>33,252,682</u>	<u>33,252,682</u>	<u>33,322,996</u>	<u>70,314</u>
Intergovernmental:				
General government:				
In lieu of tax, State Property	25,283	25,283	25,283	-
In lieu of tax, Airport	3,384,118	3,384,118	3,319,686	(64,432)
Elderly circuit breaker	135,000	135,000	102,852	(32,148)
Totally Disabled Grants	300	300	335	35
Capital improvement program			4,907	4,907
Veterans' Exemptions	13,500	13,500	9,742	(3,758)
Office of Emergency Management	6,000	6,000	6,286	286
Off Track Betting/Teletheater	500,000	500,000	434,352	(65,648)
Mashantucket Pequot/Mohegan Grant	424,822	424,822	424,822	-
Municipal Revenue Sharing	1,907,971	1,907,971	1,907,971	-
Senior Center Transportation Grant	14,000	14,000	14,368	368
State Shared Tax Revenue	287,362	287,362	287,363	1
Youth Services	14,000	14,000	14,000	-
Total general government	<u>6,712,356</u>	<u>6,712,356</u>	<u>6,551,967</u>	<u>(160,389)</u>
Education:				
Educational Cost Sharing	4,625,994	4,625,994	4,706,447	80,453
School Building Grants	161,310	161,310	2,822	(158,488)
Special Education	1	1		(1)
Total education	<u>4,787,305</u>	<u>4,787,305</u>	<u>4,709,269</u>	<u>(78,036)</u>
Total intergovernmental	<u>11,499,661</u>	<u>11,499,661</u>	<u>11,261,236</u>	<u>(238,425)</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for Services:				
Conveyance tax	\$ 110,000	\$ 110,000	\$ 219,293	\$ 109,293
Town Clerk's Office	90,000	90,000	97,501	7,501
Building permits	200,000	200,000	282,796	82,796
Zoning Board of Appeals	1,500	1,500	508	(992)
Planning and Zoning	5,000	5,000	4,430	(570)
Other licenses and permits	2,500	2,500	15,996	13,496
Trash haulers permits	1,800	1,800	300	(1,500)
Assessors Office	300	300		(300)
Inland Wetland fees	1,000	1,000	2,431	1,431
False alarm fines	500	500		(500)
Tobacco valley probate cost share	16,800	16,800	15,004	(1,796)
Superior Court	11,000	11,000	16,530	5,530
Parking tickets	20,000	20,000	4,600	(15,400)
CONA program fees	3,500	3,500		(3,500)
Airplane registration fees	50,000	50,000	52,700	2,700
Tuitions	4,300	4,300	4,401	101
Park Revolving Fund	159,230	159,230	146,796	(12,434)
Police accident reports	2,000	2,000	2,368	368
Senior Citizen Mini-bus fee	3,800	3,800	3,775	(25)
Rent from schools	2,500	2,500	2,125	(375)
Tower rental	75,000	75,000	104,751	29,751
Town auction	1	1	182	181
Total charges for services	<u>760,731</u>	<u>760,731</u>	<u>976,487</u>	<u>215,756</u>
Investment Income:				
Income on investments	<u>85,000</u>	<u>85,000</u>	<u>78,260</u>	<u>(6,740)</u>
Other Revenues:				
Miscellaneous receipts	30,000	30,000	111,012	81,012
Recycling program	24,000	24,000	3,867	(20,133)
Foreign Trade Zone	1	1	1,317	1,316
Workers' Compensation	12,000	12,000	17,671	5,671
Total other revenues	<u>66,001</u>	<u>66,001</u>	<u>133,867</u>	<u>67,866</u>
Total revenues	<u>45,664,075</u>	<u>45,664,075</u>	<u>45,772,846</u>	<u>108,771</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources:				
Appropriation of fund balance	\$ _____	\$ 2,276,000	\$ _____	\$ (2,276,000)
Transfers from other funds:				
Sewer administration fund	130,634	130,634	134,497	3,863
Police reimbursement	30,000	30,000	30,000	-
James DeForest Phelps fund	15	15	4	(11)
Total transfers from other funds	<u>160,649</u>	<u>160,649</u>	<u>164,501</u>	<u>3,852</u>
Total other financing sources	<u>160,649</u>	<u>2,436,649</u>	<u>164,501</u>	<u>(2,272,148)</u>
Total	\$ <u>45,824,724</u>	\$ <u>48,100,724</u>	45,937,347	\$ <u>(2,163,377)</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			5,899,231	
The Board of Education does not budget for charges for services revenues received, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.			78,000	
Cancellation of prior year encumbrances are recognized as budgetary revenue.			<u>(44,714)</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>51,869,864</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
Assessor	\$ 159,211	\$ 159,211	\$ 146,504	\$ 12,707
Auditing Services	51,400	56,400	45,653	10,747
Board of Assessment Appeals	1,117	1,117	949	168
Board of Finance	6,637	7,763	7,185	578
Board of Selectmen	169,891	171,041	160,876	10,165
Building Official	263,952	280,972	259,997	20,975
Capital Improvement Advisory Commission	417	417	68	349
Conservation Commission	3,011	3,011	2,332	679
Contingency Fund	280,000	68,104		68,104
Economic Development Commission	28,585	28,585	24,643	3,942
Finance Department	250,560	245,010	207,938	37,072
General expense all buildings	23,870	23,870	22,885	985
Historical Commission	1,517	10,922	10,599	323
Holiday observance	3,000	3,000	2,800	200
Human Resource	57,540	57,540	52,978	4,562
Information Technologies	90,177	90,177	85,683	4,494
Inland/Wetlands Agency	3,351	3,593	3,537	56
Municipal associations	20,822	20,822	20,822	-
Planning and Zoning Commission	13,147	13,147	8,063	5,084
Probate Court	20,300	20,300	19,419	881
Registrar of Voters	43,288	43,288	42,659	629
Senior Center	86,686	93,291	91,640	1,651
Tax Collector	186,349	292,214	282,975	9,239
Town Clerk	141,813	141,813	135,623	6,190
Town Counsel	81,000	84,607	63,053	21,554
Town Engineer	50,000	56,998	56,998	-
Town Office Building	160,830	160,830	152,171	8,659
Town Treasurer	200	200	200	-
Train Station		2,930	2,630	300
Zoning Board of Appeals	5,138	5,138	3,178	1,960
Total general government	<u>2,203,809</u>	<u>2,146,311</u>	<u>1,914,058</u>	<u>232,253</u>
Public safety:				
Ambulance Association	9,000	9,000	9,000	-
Fire Commission	368,081	368,081	314,472	53,609
Fire Marshal	73,606	73,606	67,329	6,277
Marine services	300	300		300
Nine bay garage/safety complex	2,499	2,499	2,167	332
Office of Emergency Management	29,149	29,149	25,736	3,413
Police	3,330,213	3,323,213	3,290,955	32,258
Animal control	6,343	6,343	5,455	888
Safety Complex	161,099	161,099	157,764	3,335
Water main/street lighting	658,353	684,122	684,044	78
Total public safety	<u>4,638,643</u>	<u>4,657,412</u>	<u>4,556,922</u>	<u>100,490</u>

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Landfill/refuse removal	\$ 929,872	\$ 929,872	\$ 909,366	\$ 20,506
Public Works Department	1,387,539	1,387,539	1,352,579	34,960
Public Works Garage	26,889	27,224	27,159	65
Snow removal	61,500	65,997	65,494	503
Spring Street Garage	8,885	8,885	8,343	542
Total public works	<u>2,414,685</u>	<u>2,419,517</u>	<u>2,362,941</u>	<u>56,576</u>
Health and welfare:				
Commission on Needs of the Aging	204,844	204,844	197,590	7,254
Outside services	104,989	104,989	102,984	2,005
Social services	57,967	57,967	55,947	2,020
Youth Service Bureau	72,711	70,711	52,745	17,966
Total health and welfare	<u>440,511</u>	<u>438,511</u>	<u>409,266</u>	<u>29,245</u>
Recreation:				
Parks and recreation	377,346	377,346	339,581	37,765
Public library	455,000	455,000	455,000	-
Total recreation	<u>832,346</u>	<u>832,346</u>	<u>794,581</u>	<u>37,765</u>
Employee benefits and insurance:				
Employee benefits	2,541,550	4,037,053	3,729,389	307,664
Insurance and bonds	476,480	476,480	452,479	24,001
Total employee benefits and insurance	<u>3,018,030</u>	<u>4,513,533</u>	<u>4,181,868</u>	<u>331,665</u>
Education	<u>29,314,822</u>	<u>29,314,822</u>	<u>29,209,287</u>	<u>105,535</u>
Debt service:				
Bond redemption	1,573,897	2,278,897	2,278,895	2
Interest	536,189	647,583	647,582	1
Total debt service	<u>2,110,086</u>	<u>2,926,480</u>	<u>2,926,477</u>	<u>3</u>
Total expenditures	<u>44,972,932</u>	<u>47,248,932</u>	<u>46,355,400</u>	<u>893,532</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, 2017**

	<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	\$ 829,792	829,792	\$ 829,792	\$ -
Nonmajor Governmental Funds	22,000	22,000	22,000	-
Total other financing uses	<u>851,792</u>	<u>851,792</u>	<u>851,792</u>	<u>-</u>
Total	\$ <u>45,824,724</u>	\$ <u>48,100,724</u>	47,207,192	\$ <u>893,532</u>

Budgetary expenditures are different than GAAP expenditures because:

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

5,899,231

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

78,000

The Town does not budget for accrued payroll.

138,356

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.

(48,781)

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

\$ 53,273,998

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Sewer use charges and interest	\$ 1,860,000	\$ 1,860,000	\$ 2,259,495	\$ 399,495
Fees	26,750	26,750	60,284	33,534
Investment income	12,500	12,500	13,990	1,490
Intergovernmental			7,427	7,427
Miscellaneous			7,806	7,806
Total revenues	<u>1,899,250</u>	<u>1,899,250</u>	<u>2,349,002</u>	<u>449,752</u>
Expenditures:				
Salaries	645,618	639,004	614,942	24,062
Fringe benefits	269,360	269,360	254,219	15,141
Overtime	38,500	45,114	45,114	-
Audit and legal fees	14,385	14,385	12,075	2,310
Chemicals/chlorine	85,174	76,174	74,148	2,026
Contingency	10,000	10,000		10,000
Electricity	184,017	171,017	170,860	157
Equipment rental/hauling	7,192	4,681	4,485	196
Fuel, oil, natural gas	24,627	20,727	19,925	802
Gasoline and diesel	6,667	6,667	5,835	832
Insurance	50,298	51,149	51,149	-
Lab equipment	24,580	26,230	26,230	-
Manholes	2,500	2,500	2,483	17
Mechanical maintenance	41,500	49,209	49,209	-
Outside services	24,013	33,289	33,289	-
Safety training	1,000	1,000		1,000
Sewer line maintenance	18,718	21,637	21,637	-
Sludge disposal	79,000	79,000	78,557	443
Supplies	37,425	37,425	34,110	3,315
Telephone	5,494	5,494	5,161	333
User fee administration	10,992	11,017	11,017	-
Vehicle parts, repairs	6,500	11,540	11,538	2
Water	8,796	9,736	9,736	-
Total expenditures	<u>1,596,356</u>	<u>1,596,355</u>	<u>1,535,719</u>	<u>60,636</u>
Excess of Revenues over Expenditures	302,894	302,895	813,283	510,388
Other financing uses:				
Transfers out	<u>(551,497)</u>	<u>(551,497)</u>	<u>(551,497)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(248,603)</u>	\$ <u>(248,602)</u>	261,786	\$ <u>510,388</u>
Fund Balance at Beginning of Year			<u>2,355,680</u>	
Fund Balance at End of Year			\$ <u>2,617,466</u>	

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	2.61%	3.06%	4.30%
Town's proportionate share of the net pension liability	\$ 8,685,833	\$ 5,898,563	\$ 4,240,461
Town's covered-employee payroll	\$ 9,919,103	\$ 6,033,920	\$ 6,192,516
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.57%	97.76%	68.48%
Plan fiduciary net position as a percentage of the total pension liability	88.29%	92.72%	90.48%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	26 years
Asset valuation method	5-year smoothed market

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 409,809	\$ 423,637	\$ 464,813	\$ 617,037	\$ 700,489	\$ 732,126	\$ 799,677	\$ 902,297	\$ 833,404	\$ 873,983
Contributions in relation to the actuarially determined contribution	<u>409,809</u>	<u>423,637</u>	<u>464,813</u>	<u>617,037</u>	<u>700,489</u>	<u>732,126</u>	<u>799,677</u>	<u>902,297</u>	<u>833,404</u>	<u>873,983</u>
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	\$ 5,099,667	\$ 5,108,753	\$ 5,151,809	\$ 5,368,347	\$ 5,325,278	\$ 5,396,456	\$ 5,676,638	\$ 6,192,516	\$ 6,033,920	\$ 9,919,103
Contributions as a percentage of covered employee payroll	8.04%	8.29%	9.02%	11.49%	13.15%	13.57%	14.09%	14.57%	13.81%	8.81%

Notes to Schedule

Valuation date: June 30, 2016
Measurement date: June 30, 2016
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age
Amortization method: Level dollar, closed
Single equivalent amortization period: 27 years
Asset valuation method: 5 years smoothed market (20% write up)
Inflation: 3.25%
Salary increases: 4.25% - 11%, including inflation
Investment rate of return: 8.0%, net of investment related expense
Changes in assumptions: In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

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

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

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.</p> <p>During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR***

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 181,058
Interest	331,484
Differences between expected and actual experience	(91,675)
Benefit payments	<u>(159,517)</u>
Net change in total OPEB liability	261,350
Total OPEB liability - beginning	<u>5,042,321</u>
Total OPEB liability - ending	<u>5,303,671</u>
Plan fiduciary net position:	
Contributions - employer	787,285
Contributions - TRB subsidy	45,206
Net investment income (loss)	307,665
Benefit payments	<u>(159,517)</u>
Net change in plan fiduciary net position	980,639
Plan fiduciary net position - beginning	<u>2,242,734</u>
Plan fiduciary net position - ending	<u>3,223,373</u>
Net OPEB Liability - Ending	<u>\$ 2,080,298</u>
Plan fiduciary net position as a percentage of the total OPEB liability	60.78%
Covered-employee payroll	\$ 24,860,113
Net OPEB liability as a percentage of covered-employee payroll	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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution (1)	\$ N/A	\$ 597,850	\$ 609,360	\$ 443,010	\$ 454,196	\$ 372,243	\$ 382,156	\$ 345,816	\$ 357,477	\$ 407,153
Contributions in relation to the actuarially determined contribution	N/A	331,943	374,536	330,534	222,980	179,841	356,970	525,885	347,299	787,285
Contribution Deficiency (Excess)	\$ <u>N/A</u>	\$ <u>265,907</u>	\$ <u>234,824</u>	\$ <u>112,476</u>	\$ <u>231,216</u>	\$ <u>192,402</u>	\$ <u>25,186</u>	\$ <u>(180,069)</u>	\$ <u>10,178</u>	\$ <u>(380,132)</u>
Covered-employee payroll	\$ N/A	\$ 24,096,139	\$ 24,096,139	\$ 23,952,238	\$ 23,952,238	\$ 22,136,805	\$ 22,136,805	\$ 24,194,757	\$ 24,194,757	\$ 24,860,113
Contributions as a percentage of covered-employee payroll	N/A	1.38%	1.55%	1.38%	0.93%	0.81%	1.61%	2.17%	1.44%	3.17%

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

Notes to Schedule

Valuation date:

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	2.75%
Healthcare cost trend rates	8.00% in 2015 decreasing 0.50% per year to 5.00% in 2021 and beyond
Investment rate of return	6.50%, net of investment-related and administrative expenses
Retirement age	In the 2017 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	All except Police - RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2015. Police - RP-2014 Adjusted to 2006 Blue Collar Mortality Table, projected to the valuation date with Scale MP-2015.

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

2017

Annual money-weighted rate of return,
net of investment expense

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
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 5,578,487	\$ 8,135,001
Investments	3,011,690	3,222,033
Property taxes receivable, net of allowance for \$117,991 in 2017 and \$71,922 in 2016	1,214,530	1,121,478
Accounts receivable	548,109	796,846
Due from other funds	<u>4,043,296</u>	<u>2,171,328</u>
Total Assets	<u>\$ 14,396,112</u>	<u>\$ 15,446,686</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 1,190,746	\$ 789,502
Due to other funds	142,645	129,302
Unearned revenue	<u>105,007</u>	<u>213,334</u>
Total liabilities	<u>1,438,398</u>	<u>1,132,138</u>
Deferred inflows of resources:		
Advance property tax collections	66,906	36,055
Unavailable revenue - property taxes	1,034,139	864,074
Unavailable revenue - long-term receivable	<u>204,172</u>	<u>357,788</u>
Total deferred inflows of resources	<u>1,305,217</u>	<u>1,257,917</u>
Fund balance:		
Assigned	172,709	1,026,584
Unassigned	<u>11,479,788</u>	<u>12,030,047</u>
Total fund balance	<u>11,652,497</u>	<u>13,056,631</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 14,396,112</u>	<u>\$ 15,446,686</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2017**

Grand List	Uncollected Taxes July 1, 2016	Current Tax Levy	Additions	Deductions	Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2017
							Taxes	Interest and Lien Fees	Total	
2000	\$ 2,156	\$	\$	\$ 2,156	\$	\$ -	\$ 1,323	\$ 1,323	\$	\$ -
2001	3,625					3,625	900	2,294	3,194	2,725
2002	2,563					2,563	972	2,342	3,314	1,591
2003	3,101					3,101	1,043	2,323	3,366	2,058
2004	2,554					2,554	1,129	2,310	3,439	1,425
2005	2,490		125			2,615	1,142	2,130	3,272	1,473
2006	10,783			4,551		6,232	4,724	4,002	8,726	1,508
2007	17,486			4,688		12,798	7,724	11,856	19,580	5,074
2008	32,215			4,523		27,692	10,338	13,308	23,646	17,354
2009	33,523		323	4,930		28,916	11,283	12,232	23,515	17,633
2010	40,472		378	5,082		35,768	13,258	10,672	23,930	22,510
2011	70,138		101	7,125		63,114	25,349	13,371	38,720	37,765
2012	93,632		1,390	6,443		88,579	27,753	15,630	43,383	60,826
2013	328,317			104,863	89,597	133,857	46,883	23,118	70,001	86,974
2014	550,345		18,340	301,701		266,984	20,099	57,797	77,896	246,885
Total prior years	1,193,400		20,657	446,062	89,597	678,398	172,597	174,708	347,305	505,801
2015		35,375,634	715,801	2,621,987		33,469,448	32,642,728	100,095	32,742,823	826,720
Total	\$ 1,193,400	\$ 35,375,634	\$ 736,458	\$ 3,068,049	\$ 89,597	\$ 34,147,846	32,815,325	274,803	33,090,128	\$ 1,332,521
							Suspense Collections	9,062	8,754	17,816
							Total	32,824,387	\$ 283,557	\$ 33,107,944
Prior year refunds expended:								129,473		
Property taxes receivable considered available:										
							June 30, 2016	(257,404)		
							June 30, 2017	180,391		
Total Taxes							\$ 32,876,847			

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017**

	<u>Special Revenue</u>					
	<u>Special Grants</u>	<u>Dog</u>	<u>Highway</u>	<u>School Cafeteria</u>	<u>Police Revolving</u>	<u>Parks and Recreation</u>
ASSETS						
Cash and cash equivalents	\$	\$ 26,636	\$ 823,530	\$ 10,643	\$ 71,474	\$ 105,487
Investments						
Receivables, net	265,005	887		67,980	206,653	45
Due from other funds	134,259	8,386				5,326
Inventory				5,593		
Total Assets	\$ 399,264	\$ 35,909	\$ 823,530	\$ 84,216	\$ 278,127	\$ 110,858
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 7,347	\$ 8,563	\$ 5,750	\$ 111,355	\$	\$ 7,135
Due to other funds	5,326				147,008	
Unearned revenue	16,704			9,297		24,504
Total liabilities	29,377	8,563	5,750	120,652	147,008	31,639
Fund Balances:						
Nonspendable				5,593		
Restricted	369,887					
Committed		27,346	817,780		131,119	79,219
Unassigned				(42,029)		
Total fund balances	369,887	27,346	817,780	(36,436)	131,119	79,219
Total Liabilities and Fund Balances	\$ 399,264	\$ 35,909	\$ 823,530	\$ 84,216	\$ 278,127	\$ 110,858

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017**

	Special Revenue			Permanent Fund	Eliminations	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Human Services	Police Department Asset Forfeiture	James DeForest Phelps		
ASSETS						
Cash and cash equivalents	\$ 12,601	\$ 91,824	\$ 98,780	\$ 3,835	\$	\$ 1,240,975
Investments						3,835
Receivables, net	953	256				541,779
Due from other funds					(5,326)	142,645
Inventory						5,593
Total Assets	\$ 13,554	\$ 92,080	\$ 98,780	\$ 3,835	\$ (5,326)	\$ 1,934,827
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 27,199	\$ 7,253	\$	\$	\$	\$ 140,150
Due to other funds					(5,326)	181,460
Unearned revenue						50,505
Total liabilities	27,199	7,253	-	-	(5,326)	372,115
Fund Balances:						
Nonspendable				3,000		8,593
Restricted			98,780			468,667
Committed		84,827		835		1,141,126
Unassigned	(13,645)					(55,674)
Total fund balances	(13,645)	84,827	98,780	3,835	-	1,562,712
Total Liabilities and Fund Balances	\$ 13,554	\$ 92,080	\$ 98,780	\$ 3,835	\$ (5,326)	\$ 1,934,827

**TOWN OF WINDSOR LOCKS, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue					
	<u>Special Grants</u>	<u>Dog</u>	<u>Highway</u>	<u>School Cafeteria</u>	<u>Police Revolving</u>	<u>Parks and Recreation</u>
Revenues:						
Intergovernmental	\$ 436,959	\$	\$ 263,452	\$ 462,158	\$	\$
Charges for services		6,396		376,061	354,093	258,418
Contributions	6,624	265				
Income from investments	5,253		13			
Other revenues	2,210					
Total revenues	<u>451,046</u>	<u>6,661</u>	<u>263,465</u>	<u>838,219</u>	<u>354,093</u>	<u>258,418</u>
Expenditures:						
Current:						
General government	354,878					
Public safety	37,079	1,277			294,374	
Public works			59,236			
Health and welfare	619					
Recreation	5,326					240,394
Education				901,950		
Total expenditures	<u>397,902</u>	<u>1,277</u>	<u>59,236</u>	<u>901,950</u>	<u>294,374</u>	<u>240,394</u>
Excess (Deficiency) of Revenues over Expenditures	<u>53,144</u>	<u>5,384</u>	<u>204,229</u>	<u>(63,731)</u>	<u>59,719</u>	<u>18,024</u>
Other Financing Sources (Uses):						
Transfers in				22,000		
Transfers out					(30,000)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,000</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balances	53,144	5,384	204,229	(41,731)	29,719	18,024
Fund Balances at Beginning of Year	<u>316,743</u>	<u>21,962</u>	<u>613,551</u>	<u>5,295</u>	<u>101,400</u>	<u>61,195</u>
Fund Balances at End of Year	<u>\$ 369,887</u>	<u>\$ 27,346</u>	<u>\$ 817,780</u>	<u>\$ (36,436)</u>	<u>\$ 131,119</u>	<u>\$ 79,219</u>

(Continued on next page)

TOWN OF WINDSOR LOCKS, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue			Permanent Fund	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Human Services	Police Department Asset Forfeiture	James DeForest Phelps	
Revenues:					
Intergovernmental	\$	\$	\$ 10,214	\$	\$ 1,172,783
Charges for services	39,485	19,861			1,054,314
Contributions	3,105	1,337			11,331
Income from investments				4	5,270
Other revenues					2,210
Total revenues	<u>42,590</u>	<u>21,198</u>	<u>10,214</u>	<u>4</u>	<u>2,245,908</u>
Expenditures:					
Current:					
General government					354,878
Public safety			5,873		338,603
Public works					59,236
Health and welfare	46,371	36,798			83,788
Recreation					245,720
Education					901,950
Total expenditures	<u>46,371</u>	<u>36,798</u>	<u>5,873</u>	<u>-</u>	<u>1,984,175</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,781)</u>	<u>(15,600)</u>	<u>4,341</u>	<u>4</u>	<u>261,733</u>
Other Financing Sources (Uses):					
Transfers in					22,000
Transfers out				(4)	(30,004)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(8,004)</u>
Net Change in Fund Balances	(3,781)	(15,600)	4,341	-	253,729
Fund Balances at Beginning of Year	<u>(9,864)</u>	<u>100,427</u>	<u>94,439</u>	<u>3,835</u>	<u>1,308,983</u>
Fund Balances at End of Year	<u>\$ (13,645)</u>	<u>\$ 84,827</u>	<u>\$ 98,780</u>	<u>\$ 3,835</u>	<u>\$ 1,562,712</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND - BY PROJECT
 JUNE 30, 2017**

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Eliminations</u>	<u>Total Capital Projects Fund</u>
ASSETS					
Cash and cash equivalents	\$ 1,494,157	\$ 4,516,568	\$ 4,571,849	\$ -	\$ 10,582,574
Total Assets	<u>\$ 1,494,157</u>	<u>\$ 4,516,568</u>	<u>\$ 4,571,849</u>	<u>\$ -</u>	<u>\$ 10,582,574</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 6,420	\$ 34,110	\$ 207,982	\$ -	\$ 248,512
Bond anticipation note payable		8,810,000			8,810,000
Due to other funds		<u>2,651,856</u>			<u>2,651,856</u>
Total Liabilities	<u>6,420</u>	<u>11,495,966</u>	<u>207,982</u>	<u>-</u>	<u>11,710,368</u>
Fund Balances:					
Committed	1,487,737		4,363,867		5,851,604
Unassigned		<u>(6,979,398)</u>			<u>(6,979,398)</u>
Total fund balances	<u>1,487,737</u>	<u>(6,979,398)</u>	<u>4,363,867</u>	<u>-</u>	<u>(1,127,794)</u>
Total Liabilities and Fund Balances	<u>\$ 1,494,157</u>	<u>\$ 4,516,568</u>	<u>\$ 4,571,849</u>	<u>\$ -</u>	<u>\$ 10,582,574</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, 2017**

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Eliminations</u>	<u>Total Capital Projects Fund</u>
Revenues:					
Intergovernmental	\$	\$ 872,028	\$	\$	\$ 872,028
Income from investments	2,691	3,620	11,482		17,793
Total revenues	<u>2,691</u>	<u>875,648</u>	<u>11,482</u>	<u>-</u>	<u>889,821</u>
Expenditures:					
Capital outlay	1,688,140	3,873,415	443,727		6,005,282
Debt service	16,205	51,856	11,821		79,882
Total expenditures	<u>1,704,345</u>	<u>3,925,271</u>	<u>455,548</u>	<u>-</u>	<u>6,085,164</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,701,654)</u>	<u>(3,049,623)</u>	<u>(444,066)</u>	<u>-</u>	<u>(5,195,343)</u>
Other Financing Sources:					
Issuance of capital leases	662,674				662,674
Ban premium		73,447			73,447
Transfers in	829,792		4,673,000	(4,256,000)	1,246,792
Transfers out		(4,256,000)		4,256,000	-
Total other financing sources	<u>1,492,466</u>	<u>(4,182,553)</u>	<u>4,673,000</u>	<u>-</u>	<u>1,982,913</u>
Net Change in Fund Balances	(209,188)	(7,232,176)	4,228,934	-	(3,212,430)
Fund Balances at Beginning of Year	<u>1,696,925</u>	<u>252,778</u>	<u>134,933</u>	<u>-</u>	<u>2,084,636</u>
Fund Balances at End of Year	<u>\$ 1,487,737</u>	<u>\$ (6,979,398)</u>	<u>\$ 4,363,867</u>	<u>\$ -</u>	<u>\$ (1,127,794)</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
Assets:				
Cash and cash equivalents:				
Student Activities Fund	\$ 222,152	\$ 305,176	\$ 308,144	\$ 219,184
C-PACE Clean Energy Fund		<u>34,330</u>	<u>34,330</u>	<u>-</u>
Total assets	<u>\$ 222,152</u>	<u>\$ 339,506</u>	<u>\$ 342,474</u>	<u>\$ 219,184</u>
Liabilities:				
Accounts payable:				
Student Activities Fund	\$ 222,152	\$ 305,176	\$ 308,144	\$ 219,184
C-PACE Clean Energy Fund		<u>34,330</u>	<u>34,330</u>	<u>-</u>
Total liabilities	<u>\$ 222,152</u>	<u>\$ 339,506</u>	<u>\$ 342,474</u>	<u>\$ 219,184</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
SEWER ADMINISTRATION FUND
REPORT OF SEWER USE CHARGE COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2017**

List Year	Uncollected Charges July 1, 2016	Current Year Billings and Adjustments	Adjusted Charges Collectible	Collections			Uncollected Charges June 30, 2017
				Charges	Interest and Lien Fees	Total	
2002	\$	\$	\$	\$	\$	\$ -	\$ -
2003						-	-
2004						-	-
2005						-	-
2006	317		317	204	379	583	113
2007	892		892	240	434	674	652
2008	2,747		2,747	516	741	1,257	2,231
2009	6,064		6,064	2,128	2,596	4,724	3,936
2010	8,499		8,499	2,053	2,657	4,710	6,446
2011	12,896		12,896	3,244	3,444	6,688	9,652
2012	20,906		20,906	6,309	5,470	11,779	14,597
2013	37,247		37,247	12,694	9,039	21,733	24,553
2014	62,199		62,199	21,930	10,842	32,772	40,269
2015	104,137		104,137	41,987	13,199	55,186	62,150
Total prior years	255,904	-	255,904	91,305	48,801	140,106	164,599
2016		2,227,607	2,227,607	2,093,460	25,929	2,119,389	134,147
Total	\$ 255,904	\$ 2,227,607	\$ 2,483,511	\$ 2,184,765	\$ 74,730	\$ 2,259,495	\$ 298,746

**TOWN OF WINDSOR LOCKS, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2017**

Total tax collections (including interest and lien fees) for current fiscal year \$ 33,107,944

Base \$ 33,107,944

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 74,492,874	\$	\$	\$	\$
4-1/2 times base		148,985,748			
3-3/4 times base			124,154,790		
3-1/4 times base				107,600,818	
3 times base					99,323,832
Total debt limitation	<u>74,492,874</u>	<u>148,985,748</u>	<u>124,154,790</u>	<u>107,600,818</u>	<u>99,323,832</u>
Indebtedness:					
Bonds and notes payable	7,335,256	10,024,744	482,787		
Bonds authorized and unissued	3,637,500	2,334,433	6,700,000		
Less school building grants		(204,172)			
Net indebtedness	<u>10,972,756</u>	<u>12,155,005</u>	<u>7,182,787</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 63,520,118</u>	<u>\$ 136,830,743</u>	<u>\$ 116,972,003</u>	<u>\$ 107,600,818</u>	<u>\$ 99,323,832</u>

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
FOR THE YEAR ENDED JUNE 30, 2017
PRINCIPAL TAXPAYERS**

Name	Nature of Business	Taxable Valuation as of 10/1/15	Percent of Net Taxable Grand List*
PV Holding /Avis Budget Group Inc	Car rental	\$ 58,518,430	4.65 %
United Technologies Corp / Pratt and Whitney	Manufacturing	47,235,031	3.75
AREH Windsor Locks LLC	Grocery wholesale	26,752,180	2.12
Algonquin Windsor Locks LLC	Utility	22,531,676	1.79
Hertz Vehicles LLC	Car rental	21,263,700	1.69
EAN Holdings LLC / Camrac	Car rental	16,990,106	1.35
LPRI Ella Grasso Tpk LLC	Valet parking	15,735,780	1.25
Ahlstrom Nonwovens LLC	Manufacturing	13,906,149	1.10
American Honda Motors Co Inc	Parts distribution center	13,492,745	1.07
CT Light and Power / Eversource	Utility	<u>9,792,464</u>	<u>0.78</u>
Total		\$ <u><u>246,218,261</u></u>	<u><u>19.55 %</u></u>

* Based on 10/01/15 Net Taxable Grand List of \$ 1,295,045,578

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							
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)
2010	2008	50.8	25.9	0.0	11.4	11.7	1,369,385	109,493	1,259,892	9.3
2009	2007	46.6	24.7	0.0	14.3	14.3	1,252,602	99,785	1,152,817	3.6
2008	2006	47.9	24.5	0.0	14.2	13.4	1,199,002	86,349	1,112,653	1.5

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
CURRENT DEBT STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017**

Bonded Debt:		
General purpose	\$	7,335,256
Schools		10,024,744
Sewers		482,787
Total bonded debt		<u>17,842,787</u>
Short-Term Debt:		<u>8,810,000</u>
Total direct debt		26,652,787
Less school construction grants receivable		<u>(204,172)</u>
Total Overall Net Debt	\$	<u><u>26,448,615</u></u>

**CURRENT DEBT RATIOS
FOR THE YEAR ENDED JUNE 30, 2017**

Population, 2015*	12,564
Per capita income, 2015**	34,035
Net taxable grand list, 10/1/15	1,259,045,578
Estimated full value @ 70%	1,798,636,540
Equalized net grand list, 2015***	1,699,667,421

	Overall Debt	Overall Net Debt
	\$ 26,652,787	\$ 26,448,615
Per capita	\$ 2,121	\$ 2,105
To net taxable grand list	2.12%	2.10%
To estimated full value @ 70%	1.48%	1.47%
To equalized net grand list, 2013	1.57%	1.56%
Ratio of debt per capita to per capita income	6.23%	6.18%

* 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, 2017			
2017	2015	\$ 1,259,046	26.66	\$ 33,386	97.5	%	2.5	%	2.5	%
2016	2014	1,177,295	26.79	32,877	98.3		1.9		0.8	
2015	2013	1,218,347	26.23	32,739	98.0		2.0		0.3	
2014	2012	1,269,831	24.54	32,307	98.1		1.8		0.2	
2013	2011	1,264,779	24.27	31,296	97.9		2.1		0.1	
2012	2010	1,238,538	23.40	29,700	97.8		2.2		0.1	
2011	2009	1,235,689	23.15	29,417	98.1		1.9		0.1	
2010	2008	1,259,892	21.65	27,675	97.7		2.3		0.1	
2009	2007	1,152,817	23.57	27,793	97.9		2.1		0.0	
2008	2006	1,112,653	22.88	26,817	98.6		1.4		0.0	