

TOWN OF WINDSOR LOCKS, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2014

TOWN OF WINDSOR LOCKS, CONNECTICUT

TABLE OF CONTENTS

Page

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

Exhibit

Basic Financial Statements:

Government-Wide Financial Statements:

I	Statement of Net Position	12
II	Statement of Activities	13

Fund Financial Statements:

Governmental Funds:

III	Balance Sheet	14-15
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	16-17

Proprietary Fund:

V	Statement of Net Position	18
VI	Statement of Revenues, Expenses and Changes in Fund Net Position	19
VII	Statement of Cash Flows	20

Fiduciary Funds:

VIII	Statement of Fiduciary Net Position	21
IX	Statement of Changes in Plan Net Position - OPEB Trust Fund	22

	Notes to Financial Statements	23-42
--	-------------------------------	-------

Required Supplementary Information:

General Fund:

RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	43-45
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	46-48

Sewer Administration Fund:

RSI-3	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	49-50
-------	--	-------

Combining and Individual Fund Statements and Schedules:

General Fund:

A-1	Comparative Balance Sheet	51
A-2	Report of Tax Collector	52

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet	53-54
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	55-56

Capital Projects Fund:

C-1	Combining Balance Sheet - By Project	57
C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - By Project	58

Agency Funds:

D	Combining Statement of Changes in Assets and Liabilities	59
---	--	----

Schedule

1	Report of Sewer Use Charge Collector	60
2	Schedule of Debt Limitation	61

Statistical Tables

1	Principal Taxpayers	62
2	Assessed Value of Taxable Property	63
3	Current Debt Statement	64
4	Property Tax Levies and Collections	65



Accounting | Tax | Business Consulting

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, 2014, and the related notes to the financial statements, which collectively comprise the Town of Windsor Locks, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Windsor Locks, Connecticut, as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the budgetary comparison information on pages 43 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Windsor Locks, Connecticut, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 21, 2013, 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, 2013 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 2013 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2013 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, 2013.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014 on our consideration of the Town of Windsor Locks, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Windsor Locks, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 30, 2014

**TOWN OF WINDSOR LOCKS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 2014. 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 \$78.7 million (net position). Of this amount, \$22.9 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 \$3.0 million (4.0%) from \$75.7 million to \$78.7 million. The majority of the increase is attributable to the capital assets.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13.8 million, an increase of \$3.9 million in comparison with the prior year.
- At the end of the close of the current fiscal year, unassigned fund balance for the General Fund was \$11.8 million, or 25.8% of total General Fund expenditures and transfers out.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

Fiduciary Funds

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's net position from a year ago increased from \$75.7 million to \$78.7 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

TABLE 1
NET POSITION
In Thousands

	Governmental Activities	
	2014	2013
Current and other assets	\$ 28,782	\$ 28,207
Capital assets, net of accumulated depreciation	74,193	72,655
Total assets	<u>102,975</u>	<u>100,862</u>
Deferred charge on refunding	19	30
Long-term debt outstanding	17,278	14,214
Other liabilities	6,965	10,950
Total liabilities	<u>24,243</u>	<u>25,164</u>
Advance property tax collections	14	-
Net Position:		
Net investment in capital assets	55,783	54,116
Restricted	4	4
Unrestricted	<u>22,950</u>	<u>21,608</u>
Total Net Position	<u>\$ 78,737</u>	<u>\$ 75,728</u>

Net position of the Town's governmental activities increased by 4.0%. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$21.6 million at June 30, 2013 to \$22.9 million at the end of this year.

TABLE 2
CHANGE IN NET POSITION
In Thousands

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services:	\$ 4,176	\$ 4,206
Operating grants and contributions	14,432	11,645
Capital grants and contributions	27	237
General revenues:		
Property taxes	32,932	31,510
Grants and contributions not restricted to specific purposes	4,482	6,217
Investment income	136	82
Miscellaneous	253	126
Total revenues	56,438	54,023
Expenses:		
General government	2,399	2,290
Public safety	5,253	4,949
Public works	5,336	5,326
Health and welfare	455	422
Recreation	1,206	1,198
Education	38,296	36,116
Interest on long-term debt	484	390
Total program expenses	53,429	50,691
Increase in Net Position	\$ 3,009	\$ 3,332

The Town's total revenues were \$56.4 million. The total cost of all programs and services was \$53.4 million. Our analysis below considers the operations of governmental activities.

Governmental Activities

Approximately 58.3% of the revenues were derived from property taxes, followed by 25.6% from operating grants and contributions, 8.0% from other grants and 7.4% charges for services. The remaining 0.7% was derived from investment earnings and miscellaneous revenue.

Major revenue factors included:

- Property tax revenues recorded for fiscal year 2014 reflect an increase of 4.5%. The additional tax revenue resulted in an increase of \$1.4 million.
- Operating and capital grants increased by \$2.6 million.
- Charges for services decreased by \$30 thousand.
- Grants and contributions not restricted to specific purposes decreased by \$1.7 million.

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

- Conservative efforts by public works, public safety, and general government added to a positive position from budget to actual.
- Property, liability, and worker’s compensation averaged a 1.0% increase. The Town has a self insured medical program and this year our medical insurance expenditures increased by 6.4%.
- The cost of education services increased due to negotiated wage settlements, employee health insurance cost increases, special education cost.

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

**TABLE 3
GOVERNMENTAL ACTIVITIES
In Thousands**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General government	\$ 2,399	\$ 2,290	\$ (707)	\$ 1,064
Public safety	5,253	4,949	4,943	4,591
Public works	5,336	5,326	2,935	2,458
Health and welfare	455	422	341	206
Recreation	1,206	1,198	730	713
Education	38,296	36,116	26,098	25,218
Interest	484	390	454	353
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	\$ <u>53,429</u>	\$ <u>50,691</u>	\$ <u>34,794</u>	\$ <u>34,603</u>

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$13.8 million, which is an increase from last year’s total of \$9.9 million. Approximately \$8.6 million (62.7%) of this total amount constitutes unassigned fund balance, which is available for spending at the Town’s discretion. \$636 thousand (4.6%) is assigned as encumbrances and subsequent years appropriations. \$4.2 million (30.3%) is committed to designated use. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for spending because it has already been obligated for permanently restricted endowments inventory (\$326 thousand).

General Fund Budgetary Highlights

The General Fund is the operating fund of the Town. At the end of the current fiscal year, total fund balance and unassigned fund balance of the General Fund was \$12.5 million and \$11.8 million, respectively.

There has been a designated use of fund balance for next year's capital expenditures and debt reduction in the amount of \$851,000, while unassigned fund balance was \$11.8 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and to total fund expenditures. Unassigned fund balance represents 25.8% of total General Fund expenditures and other financing.

The fund balance of the Town's General Fund increased by \$1.2 million during the current fiscal year. The key factor was a decrease in Town expenses for the budget year and unanticipated revenue.

Sewer Administration Fund

The fund balance decreased by approximately \$107 thousand due to unanticipated replacement of mechanical equipment and tornado repairs. \$103 thousand of the transfer to the General Fund was for debt service.

Capital Projects Fund

This fund accounts for financial resources to be used for the acquisition of major equipment or construction of facilities. Appropriations are made annually by the Board of Finance and citizen referendum pursuant to the Town Charter. Expenditures for capital projects and equipment for 2013-14 were \$4.0 million.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, 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 \$117.0 and \$74.2 million net of accumulated depreciation.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)
In Thousands

	Governmental Activities	
	2014	2013
Land	\$ 3,694	\$ 3,694
Construction in progress	4,974	3,169
Land improvements	1,936	1,983
Buildings	7,509	7,707
Building improvements	27,706	28,432
Machinery and equipment	5,124	5,463
Vehicles	2,383	2,097
Furniture and fixtures	164	177
Infrastructure	20,703	19,933
Totals	\$ 74,193	\$ 72,655

This year's major additions included:

- Completion of Coolidge Street
- Police Dispatch Console
- Various road and sewer projects

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

Long-Term Debt

At June 30, 2014, the Town had bonded debt outstanding of \$13.8 million. All of this debt comprises debt backed by the full faith and credit of the Town.

The Town's total debt increased by a net of \$3.0 million. The Town upgraded to an "AA+" rating from an "AA" rating assigned by Standard & Poor's and maintains an "Aa1" rating from Moody's Investors Service for general obligation debt. The State limits the amount of general obligation debt that towns can issue on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$230.0 million State-imposed limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The November 2014 unemployment rate for the Town is currently 5.8%, which is a decrease from a rate of 7.2% a year ago. This compares favorably to the State's average unemployment rate of 6.2% as of November 2014. Recessionary trends are consistent with national indices.

All of these factors were considered in preparing the Town's budget for the 2014 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund increased by approximately \$1.7 million.

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, 2014

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 18,344,228
Investments	6,930,101
Receivables, net	3,498,966
Inventories	8,201
Capital assets:	
Assets not being depreciated	8,668,274
Assets being depreciated, net	65,524,961
Total assets	<u>102,974,731</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	<u>19,404</u>
Liabilities:	
Accounts and other payables	2,396,838
Bond anticipation note payable	4,510,000
Unearned revenue	57,808
Noncurrent liabilities:	
Due within one year	2,357,300
Due in more than one year	14,921,078
Total liabilities	<u>24,243,024</u>
Deferred Inflows of Resources:	
Advance property tax collections	<u>13,612</u>
Net Position:	
Net investment in capital assets	55,783,125
Restricted for trust purposes:	
Nonexpendable	3,835
Unrestricted	<u>22,950,539</u>
Total Net Position	<u>\$ 78,737,499</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, 2014

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:					
General government	\$ 2,398,631	\$ 398,343	\$ 2,707,560	\$	\$ 707,272
Public safety	5,253,351	268,396	41,741		(4,943,214)
Public works	5,335,790	2,104,281	269,660	26,540	(2,935,309)
Health and welfare	454,901	71,729	41,815		(341,357)
Recreation	1,206,438	476,718			(729,720)
Education	38,296,280	856,900	11,341,795		(26,097,585)
Interest on long-term debt	484,026		29,793		(454,233)
Total Governmental Activities	\$ 53,429,417	\$ 4,176,367	\$ 14,432,364	\$ 26,540	(34,794,146)
General revenues:					
Property taxes					32,932,163
Grants and contributions not restricted to specific programs					4,482,271
Unrestricted investment earnings					135,935
Miscellaneous					253,169
Total general revenues					37,803,538
Change in net position					3,009,392
Net Position at Beginning of Year					75,728,107
Net Position at End of Year					\$ 78,737,499

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	<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	\$ 7,032,478	\$ 510,395	\$ 3,316,118	\$ 1,038,097	\$ 682,752	\$ 12,579,840
Investments	5,651,435	1,274,831			3,835	6,930,101
Receivables, net	2,260,843	275,942		179,364	90,316	2,806,465
Due from other funds	1,300,165		83,925		253,355	1,637,445
Inventories					8,201	8,201
Total Assets	<u>\$ 16,244,921</u>	<u>\$ 2,061,168</u>	<u>\$ 3,400,043</u>	<u>\$ 1,217,461</u>	<u>\$ 1,038,459</u>	<u>\$ 23,962,052</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 1,494,817	\$ 13,566	\$ 125,393	\$ 232,032	\$ 89,720	\$ 1,955,528
Bond anticipation notes payable			4,510,000			4,510,000
Due to other funds	337,280	65,469	41,930	932,794	32,602	1,410,075
Unearned revenue				52,635	5,173	57,808
Total liabilities	<u>1,832,097</u>	<u>79,035</u>	<u>4,677,323</u>	<u>1,217,461</u>	<u>127,495</u>	<u>7,933,411</u>
Deferred inflows of resources:						
Advance property tax collections	13,612					13,612
Unavailable revenue - property taxes	1,033,694					1,033,694
Unavailable revenue - long-term receivable	854,719					854,719
Unavailable revenue - special assessments		272,153				272,153
Total deferred inflows of resources	<u>1,902,025</u>	<u>272,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,174,178</u>
Fund balances:						
Nonspendable					11,201	11,201
Restricted					314,951	314,951
Committed		1,709,980	1,911,730		584,812	4,206,522
Assigned	636,260					636,260
Unassigned	11,874,539		(3,189,010)			8,685,529
Total fund balances	<u>12,510,799</u>	<u>1,709,980</u>	<u>(1,277,280)</u>	<u>-</u>	<u>910,964</u>	<u>13,854,463</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,244,921</u>	<u>\$ 2,061,168</u>	<u>\$ 3,400,043</u>	<u>\$ 1,217,461</u>	<u>\$ 1,038,459</u>	<u>\$ 23,962,052</u>

(Continued on next page)

TOWN OF WINDSOR LOCKS, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 13,854,463
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 116,757,949
Less accumulated depreciation	<u>(42,564,714)</u>
Net capital assets	74,193,235
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	1,033,694
Interest and lien receivable on property taxes	497,820
Assessments receivable	272,153
Interest and lien receivable on assessments	119,620
Receivable from the state for school construction projects	854,719
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	5,318,079
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	(14,644,401)
Interest payable on bonds and notes	(147,310)
Compensated absences	(856,408)
Capital leases	(603,205)
OPEB obligation	(1,056,864)
Heart and hypertension	(117,500)
Deferred charge on refunding	<u>19,404</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ 78,737,499</u>

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, 2014

	<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	\$ 32,868,278	\$	\$	\$	\$	\$ 32,868,278
Intergovernmental	15,923,535	3,822	318,186	2,149,945	776,968	19,172,456
Charges for services	1,047,418	1,786,620		261,231	1,011,436	4,106,705
Contributions					20,750	20,750
Income on investments	106,795	20,616	3,416		15	130,842
Other revenues	225,274	24,144	3,750			253,168
Total revenues	<u>50,171,300</u>	<u>1,835,202</u>	<u>325,352</u>	<u>2,411,176</u>	<u>1,809,169</u>	<u>56,552,199</u>
Expenditures:						
Current:						
General government	2,028,051				8,837	2,036,888
Public safety	4,461,665				252,621	4,714,286
Public works	2,558,060	1,641,435			284,649	4,484,144
Health and welfare	363,402				75,192	438,594
Recreation	839,578				277,856	1,117,434
Employee benefits and insurance	2,740,272					2,740,272
Education	32,609,424			2,410,335	813,082	35,832,841
Capital outlay			3,941,479			3,941,479
Debt service	2,392,870		93,037			2,485,907
Total expenditures	<u>47,993,322</u>	<u>1,641,435</u>	<u>4,034,516</u>	<u>2,410,335</u>	<u>1,712,237</u>	<u>57,791,845</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,177,978</u>	<u>193,767</u>	<u>(3,709,164)</u>	<u>841</u>	<u>96,932</u>	<u>(1,239,646)</u>
Other Financing Sources (Uses):						
Issuance of capital leases			325,722			325,722
Bond issuance			4,740,000			4,740,000
Bond premium issuance	138,138					138,138
Transfers in	133,196		1,421,308			1,554,504
Transfers out	(1,223,490)	(301,001)			(30,013)	(1,554,504)
Total other financing sources (uses)	<u>(952,156)</u>	<u>(301,001)</u>	<u>6,487,030</u>	<u>-</u>	<u>(30,013)</u>	<u>5,203,860</u>
Net Change in Fund Balances	1,225,822	(107,234)	2,777,866	841	66,919	3,964,214
Fund Balances at Beginning of Year	<u>11,284,977</u>	<u>1,817,214</u>	<u>(4,055,146)</u>	<u>(841)</u>	<u>844,045</u>	<u>9,890,249</u>
Fund Balances at End of Year	<u>\$ 12,510,799</u>	<u>\$ 1,709,980</u>	<u>\$ (1,277,280)</u>	<u>\$ -</u>	<u>\$ 910,964</u>	<u>\$ 13,854,463</u>

(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, 2014

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)	\$ 3,964,214
---	--------------

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

Capital outlay	4,048,412
Depreciation expense	(2,487,985)

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.	(21,903)
---	----------

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	(252,031)
Property tax receivable - accrual basis change	172,555
Property tax interest and lien receivable - accrual basis change	(108,670)
Sewer assessment receivable - accrual basis change	33,309
Sewer assessment interest and lien receivable - accrual change	36,353

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

Bond and note principal payments	1,782,138
Capital lease proceeds	(325,722)
Capital lease payments	244,946
Issuance of bonds	(4,740,000)
Premium on bond issuance	(138,138)

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

Amortization of premium	8,634
Compensated absences	86,355
OPEB obligation	(25,186)
Accrued interest	(23,502)
Amortization of deferred charge on refunding	(10,335)
Heart and hypertension claims	42,500

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.

<u>723,448</u>

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,009,392</u>
--	---------------------

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2014

		Governmental Activities
		Internal Service Fund
		<hr/> <hr/>
Assets:		
Current:		
Cash and cash equivalents	\$	5,764,388
Accounts receivable		75,061
Due from other funds		1,994
		<hr/>
Total assets		5,841,443
		<hr/>
Liabilities:		
Claims payable		294,000
Due to other funds		229,364
		<hr/>
Total liabilities		523,364
		<hr/>
Net Position:		
Unrestricted	\$	5,318,079
		<hr/> <hr/>

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, 2014

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:	
Premiums	\$ <u>5,516,295</u>
Operating Expenses:	
Claims	4,052,110
Administration	<u>745,830</u>
Total operating expenses	<u>4,797,940</u>
Operating Income	718,355
Nonoperating Revenue:	
Income on investments	<u>5,093</u>
Change in Net Position	723,448
Net Position at Beginning of Year	<u>4,594,631</u>
Net Position at End of Year	\$ <u><u>5,318,079</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, 2014

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 5,587,636
Cash payments to providers of benefits and administration	(4,558,183)
Net cash provided by operating activities	1,029,453
Cash Flows from Investing Activities:	
Income on investments	5,093
Net Increase in Cash and Cash Equivalents	1,034,546
Cash and Cash Equivalents at Beginning of Year	4,729,842
Cash and Cash Equivalents at End of Year	\$ 5,764,388
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 718,355
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other funds	103,691
Increase in accounts receivable	(32,350)
Increase in claims payable	10,393
Increase in due to other funds	229,364
Net Cash Provided by Operating Activities	\$ 1,029,453

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, 2014

	<u>OPEB Trust Fund</u>	<u>Student Activity Fund</u>
Assets:		
Cash and cash equivalents	\$	\$ 203,745
Investments	1,988,515	
Liabilities:		
Accounts and other payables		\$ 203,745
Net Position:		
Held in Trust for OPEB Benefits	\$ 1,988,515	

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, 2014

	<u>OPEB Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 356,970
Employee	245,849
Total contributions	<u>602,819</u>
Investment income:	
Net appreciation in fair value of investments	<u>287,760</u>
Total additions	<u>890,579</u>
Deductions:	
Benefits	<u>453,032</u>
Net Increase	437,547
Net Position Held in Trust for OPEB Benefits at Beginning of Year	<u>1,550,968</u>
Net Position Held in Trust for OPEB Benefits at End of Year	<u>\$ 1,988,515</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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.

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.

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 \$103,306 has been established as an allowance for uncollectible taxes. At June 30, 2014, this represents 8% of all property taxes receivable.

In the fund financial statements, all property taxes receivable at June 30, 2014, 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.

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 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections 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. 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.

J. Fund Equity

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

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

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

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

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

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

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

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

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

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

K. Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

There were \$188,372 additional appropriations made from fund balance during the year.

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

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

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

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

During the year ended June 30, 2014 the following general fund line items had overexpended appropriations:

	<u>Final Appropriation</u>	<u>Expenditures, Encumbrances and Other Financing Uses</u>	<u>Balance Overexpended</u>
General expense all buildings	\$ 27,750	\$ 28,557	\$ (807)
Police	3,227,125	3,244,611	(17,486)
Landfill/refuse removal	995,971	1,027,437	(31,466)
Parks and recreation	407,033	409,033	(2,000)

B. Fund Deficits

The Capital Projects Fund has a fund deficit of \$1,277,280, which will be financed by permanent financing or General Fund transfers.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$7,716,857 of the Town’s bank balance of \$8,216,857 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,920,275
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>796,582</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 7,716,857</u>

Cash Equivalents

At June 30, 2014, the Town's cash equivalents amounted to \$10,581,954. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Connecticut CLASS Plus	AAAm
Money Market Funds*	

*Not rated

Investments

As of June 30, 2014, 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	*	\$ 6,930,101	\$ -	\$ 6,930,101	\$ -
Other investments:					
Mutual funds	n/a	<u>1,988,515</u>			
Total Investments		<u>\$ 8,918,616</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, 2014, 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.

4. RECEIVABLES

Receivables as of yearend 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	\$ 1,295,184	\$	\$	\$	\$ 1,295,184
Accounts	96,346	3,789		99,811	199,946
Sewer assessments		276,653			276,653
Intergovernmental	972,619		179,364	65,566	1,217,549
Gross receivables	<u>2,364,149</u>	<u>280,442</u>	<u>179,364</u>	<u>165,377</u>	<u>2,989,332</u>
Less allowance for uncollectibles	<u>(103,306)</u>	<u>(4,500)</u>			<u>(107,806)</u>
Net Total Receivables	<u>\$ 2,260,843</u>	<u>\$ 275,942</u>	<u>\$ 179,364</u>	<u>\$ 165,377</u>	<u>\$ 2,881,526</u>

Note: Above does not include accrued interest and liens on property taxes of \$497,820 and sewer use charges of \$119,620.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,694,247	\$	\$	\$	\$ 3,694,247
Construction in progress	<u>3,169,377</u>	<u>(1,335,543)</u>	<u>3,140,193</u>		<u>4,974,027</u>
Total capital assets not being depreciated	<u>6,863,624</u>	<u>(1,335,543)</u>	<u>3,140,193</u>	<u>-</u>	<u>8,668,274</u>
Capital assets being depreciated:					
Buildings	14,750,314				14,750,314
Building improvements	36,508,677	70,126			36,578,803
Land improvements	2,743,336		42,460		2,785,796
Machinery and equipment	12,833,931	34,262	277,654		13,145,847
Vehicles	4,701,495		588,105	(157,481)	5,132,119
Furniture and fixtures	222,874				222,874
Infrastructure	<u>34,242,767</u>	<u>1,231,155</u>			<u>35,473,922</u>
Total capital assets being depreciated	<u>106,003,394</u>	<u>1,335,543</u>	<u>908,219</u>	<u>(157,481)</u>	<u>108,089,675</u>
Less accumulated depreciation for:					
Buildings	(7,043,007)		(198,324)		(7,241,331)
Building improvements	(8,077,037)		(795,476)		(8,872,513)
Land improvements	(759,845)		(90,525)		(850,370)
Machinery and equipment	(7,370,874)		(651,131)		(8,022,005)
Vehicles	(2,606,432)		(278,161)	135,578	(2,749,015)
Furniture and fixtures	(45,680)		(12,884)		(58,564)
Infrastructure	<u>(14,309,432)</u>		<u>(461,484)</u>		<u>(14,770,916)</u>
Total accumulated depreciation	<u>(40,212,307)</u>	<u>-</u>	<u>(2,487,985)</u>	<u>135,578</u>	<u>(42,564,714)</u>
Total capital assets being depreciated, net	<u>65,791,087</u>	<u>1,335,543</u>	<u>(1,579,766)</u>	<u>(21,903)</u>	<u>65,524,961</u>
Governmental Activities Capital Assets, Net	<u>\$ 72,654,711</u>	<u>\$ -</u>	<u>\$ 1,560,427</u>	<u>\$ (21,903)</u>	<u>\$ 74,193,235</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 193,081
Public safety	267,054
Public works	936,529
Recreation	51,663
Education	<u>1,039,658</u>
Total	<u>\$ 2,487,985</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Administration Fund	\$ 65,469
	Capital Projects Fund	41,930
	Special Education Grants	932,794
	Internal Service Funds	229,364
	Nonmajor Governmental Funds	<u>30,608</u>
		1,300,165
Capital Projects	General Fund	<u>83,925</u>
Nonmajor Governmental Funds	General Fund	253,355
Internal Service Fund	Nonmajor Governmental Funds	<u>1,994</u>
		<u>\$ 1,639,439</u>

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

	<u>Transfers In</u>		<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Projects</u>	
Transfers out:			
General Fund	\$	\$ 1,223,490	\$ 1,223,490
Sewer Administration Fund	103,183	197,818	301,001
Nonmajor Governmental	<u>30,013</u>	<u> </u>	<u>30,013</u>
Total Transfers In	<u>\$ 133,196</u>	<u>\$ 1,421,308</u>	<u>\$ 1,554,504</u>

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

7. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 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	\$ 10,715,000	\$ 4,740,000	\$ 1,695,000	\$ 13,760,000	\$ 2,005,000
Clean water notes	842,035		87,138	754,897	88,897
Bond premiums		138,138	8,634	129,504	
Total	<u>11,557,035</u>	<u>4,878,138</u>	<u>1,790,772</u>	<u>14,644,401</u>	<u>2,093,897</u>
Capital leases	522,429	325,722	244,946	603,205	232,298
OPEB obligation	1,031,678	25,186		1,056,864	
Compensated absences	942,763	25,795	112,150	856,408	31,105
Heart and hypertension claims	<u>160,000</u>		<u>42,500</u>	<u>117,500</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 14,213,905</u>	<u>\$ 5,254,841</u>	<u>\$ 2,190,368</u>	<u>\$ 17,278,378</u>	<u>\$ 2,357,300</u>

The following is a summary of bond and note issues at June 30, 2014:

<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, 2014</u>
Bonds/notes:					
Town:					
General obligation	11/1/2009	8/1/2024	2.0-4.0	\$ 5,518,350	\$ 4,072,342
General obligation	10/4/2013	10/1/2028	2.0-4.1	2,775,000	2,775,000
Schools:					
Refunding bond	3/1/2005	9/15/2018	3.0-5.0	10,705,000	3,435,000
Refunding bond	3/15/2003	3/15/2016	2.125-4.0	6,630,000	910,000
General obligation	11/1/2009	8/1/2024	2.0-4.0	816,650	602,658
General obligation	10/4/2013	10/1/2028	2.0-4.1	1,965,000	1,965,000
Sewer:					
Clean water loan	5/31/2003	5/31/2022	2.0	1,715,669	<u>754,897</u>
					<u>\$ 14,514,897</u>

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

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

Year Ending June 30,	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 2,005,000	\$ 439,071	\$ 88,897	\$ 14,286	\$ 2,093,897	\$ 453,357
2016	1,990,000	368,764	90,691	12,492	2,080,691	381,256
2017	1,535,000	298,826	92,522	10,661	1,627,522	309,487
2018	1,515,000	246,951	94,389	8,794	1,609,389	255,745
2019	1,015,000	201,772	96,294	6,888	1,111,294	208,660
2020-2024	3,700,000	622,424	292,104	8,846	3,992,104	631,270
2025-2029	2,000,000	137,059			2,000,000	137,059
Total	\$ 13,760,000	\$ 2,314,867	\$ 754,897	\$ 61,967	\$ 14,514,897	\$ 2,376,834

Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2014:

Date Issued	Maturity Date	Interest Rate (%)	Balance July 1, 2013	Issued	Retired	Balance June 30, 2014
4-4-13	10-4-13	0.75	\$ 8,700,000	\$	\$ 8,700,000	\$ -
10-4-13	7-1-14	1.25	-	4,510,000		4,510,000
			\$ 8,700,000	\$ 4,510,000	\$ 8,700,000	\$ 4,510,000

Capital Projects

As of June 30, 2014, the Town had authorized unissued bonds of \$316,483 available to fund capital projects.

Debt Limit

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

Category	Debt Limitation	Indebtedness	Balance
General purpose	\$ 73,920,105	\$ 8,977,342	\$ 64,942,763
Schools	147,840,210	8,754,422	139,085,788
Sewers	123,200,175	754,897	122,445,278
Urban renewal	106,773,485		106,773,485
Pension deficit	98,560,140		98,560,140

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$230.0 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 \$854,719 for bond principal are reflected as deductions in the computation of net indebtedness.

Capital Leases

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

The assets acquired through capital leases are as follows:

	<u>Amount</u>
Asset:	
Equipment	\$ 1,419,964
Less accumulated depreciation	<u>155,789</u>
Total	<u>\$ 1,264,175</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, 2014:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 245,358
2016	158,645
2017	158,645
2018	<u>67,138</u>
Total minimum lease payments	629,786
Less amount representing interest	<u>(26,581)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 603,205</u>

8. FUND BALANCE

The components of fund balance for governmental funds at June 30, 2014 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Major Special Revenue Fund Sewer Administration Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Endowment	\$	\$	\$	\$ 3,000	\$ 3,000
Inventories				8,201	8,201
Restricted for:					
Grants				314,951	314,951
Committed to:					
Sewer assessment			1,709,980		1,709,980
Capital projects		1,911,730			1,911,730
General government				835	835
Public safety				85,556	85,556
Public works				281,149	281,149
Health and welfare				94,414	94,414
Education				7,791	7,791
Recreation				115,067	115,067
Assigned to:					
General government - encumbrances	3,232				3,232
Public safety - encumbrances	38,100				38,100
Public works - encumbrances	36,957				36,957
Health and welfare - encumbrances	1,362				1,362
Recreation - encumbrances	2,160				2,160
Education - encumbrances	554,449				554,449
Unassigned	<u>11,874,539</u>	<u>(3,189,010)</u>			<u>8,685,529</u>
Total Fund Balances	<u>\$ 12,510,799</u>	<u>\$ (1,277,280)</u>	<u>\$ 1,709,980</u>	<u>\$ 910,964</u>	<u>\$ 13,854,463</u>

Encumbrances of \$636,260 are contained in the above table in the assigned category of the General Fund.

9. RISK MANAGEMENT

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

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

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
2012-2013	\$ 316,665	\$ 3,781,354	\$ 3,814,412	\$ 283,607
2013-2014	283,607	4,052,110	4,041,717	294,000

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 Fund

A. Plan Description

Town employees, excluding teachers, participate in the Municipal Employees' Retirement System (MERS). MERS is a cost sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. All benefits vest after 5 years of continuous service. Members who retire after age 55 with 10 years of continuous service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

B. Funding Policy

Covered employees are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan.

The required and actual contributions for the years ended June 30, 2012, 2013 and 2014 were \$700,489, \$732,126 and \$799,677, respectively.

Teachers' Retirement Plan

All Town teachers participate in the State of Connecticut Teachers' Retirement System, a cost sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple-employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$13,669,352.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2014, the Town has recorded in the General Fund intergovernmental revenue schools and schools expenditures in the amount of \$3,388,723 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pension.

The State of Connecticut Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

11. POSTEMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN

A. Summary of Significant Accounting Policies

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

B. Plan Description

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

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

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

	Retiree Health Plan
Retired members and their spouses	39
Active plan members	<u>352</u>
Total Participants	<u><u>391</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 employees receiving coverage is \$604 per month for retiree only coverage and \$1,257 per month for retiree and spouse coverage.

Board of Education Employees

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

For the year ended June 30, 2014, plan members contributed \$245,849, and claims and benefits paid were \$451,532. Employer contributions were \$356,970. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

D. Annual OPEB Cost and Net OPEB Obligations

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

	Retiree Health Plan
Annual required contribution (ARC)	\$ 386,014
Interest on net OPEB obligation	77,376
Adjustment to annual required contribution	<u>(81,234)</u>
Annual OPEB cost	382,156
Contributions made	<u>356,970</u>
Increase in net OPEB obligation	25,186
Net OPEB obligation, beginning of year	<u>1,031,678</u>
Net OPEB Obligation, End of Year	<u><u>\$ 1,056,864</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended June 30, 2012, 2013 and 2014 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>
6/30/12	\$ 451,913	\$ 222,980	49.34 %	\$ 839,276
6/30/13	372,243	179,841	48.31	1,031,678
6/30/14	382,156	356,970	93.41	1,056,864

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
6/30/12	\$ 454,196	\$ 220,980	48.65 %
6/30/13	375,382	179,841	47.91
6/30/14	386,014	356,970	92.48

Schedule of Funding Progress

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

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

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

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

12. CONTINGENT LIABILITIES

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

13. SUBSEQUENT EVENTS

On July 1, 2014, the Town issued \$2,580,000 of bank qualified General Obligation Bond Anticipation Notes and \$1,930,000 of federally taxable General Obligation Bond Anticipation Notes. The notes carry interest rates of 1.50% and 1.75% respectively, and will mature June 25, 2015. Additionally, on July 1, 2014 the Town issued \$6,585,000 of General Obligation Refunding Bonds, with interest rates between 2.00 and 3.00%, and a final maturity on August 1, 2024.

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, 2014

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Property Taxes:				
Current taxes	\$ 30,774,469	\$ 30,774,469	\$ 29,903,947	\$ (870,522)
Supplemental taxes	1,200,000	1,200,000	1,745,671	545,671
Prior year taxes	300,000	300,000	619,634	319,634
Interest and lien fees	150,000	150,000	518,820	368,820
Telephone access line	49,520	49,520	46,570	(2,950)
Housing authority in lieu of tax	26,000	26,000	33,636	7,636
Total property taxes	<u>32,499,989</u>	<u>32,499,989</u>	<u>32,868,278</u>	<u>368,289</u>
Intergovernmental:				
General government:				
In lieu of tax, State Property	3,896,381	3,896,381	3,899,300	2,919
Elderly circuit breaker	140,000	140,000	125,904	(14,096)
Totally Disabled Grants	300	300	368	68
Capital improvement program	80,590	80,590		(80,590)
Veterans' Exemptions	11,000	11,000	14,460	3,460
Office of Emergency Management	6,000	6,000	5,720	(280)
Off Track Betting/Teletheater	500,000	500,000	513,593	13,593
Mashantucket Pequot/Mohegan Grant	443,013	443,013	442,607	(406)
Municipal Revenue Sharing	1,794,444	1,794,444	2,172,987	378,543
Senior Center Transportation Grant	5,500	5,500	10,776	5,276
Youth Services	14,000	14,000	14,000	-
Total general government	<u>6,891,228</u>	<u>6,891,228</u>	<u>7,199,715</u>	<u>308,487</u>
Education:				
Educational Cost Sharing	5,066,931	5,066,931	4,609,867	(457,064)
School Building Grants	281,824	281,824	281,824	-
School Transportation	72,484	72,484	65,946	(6,538)
Special Education	1	1	377,460	377,459
Total education	<u>5,421,240</u>	<u>5,421,240</u>	<u>5,335,097</u>	<u>(86,143)</u>
Total intergovernmental	<u>12,312,468</u>	<u>12,312,468</u>	<u>12,534,812</u>	<u>222,344</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, 2014

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Charges for Services:				
Conveyance tax	\$ 100,000	\$ 100,000	\$ 120,685	\$ 20,685
Town Clerk's Office	100,000	100,000	89,238	(10,762)
Building permits	200,000	201,835	215,572	13,737
Zoning Board of Appeals	1,500	1,500	2,069	569
Planning and Zoning	5,000	5,000	4,306	(694)
Other licenses and permits	2,500	2,500	7,362	4,862
Trash haulers permits	1,800	1,800		(1,800)
Assessors Office	400	400		(400)
Inland Wetland fees	1,000	1,000	760	(240)
False alarm fines	500	500		(500)
Tobacco valley probate cost share	16,800	16,800	13,510	(3,290)
Superior Court	11,000	11,000	12,484	1,484
Parking tickets	25,000	25,000	19,568	(5,432)
CONA program fees	3,500	3,500		(3,500)
Airplane registration fees	52,000	52,000	56,680	4,680
Tuitions	8,000	8,000	9,612	1,612
Park Revolving Fund	159,230	176,731	190,239	13,508
Police accident reports	1,200	1,200	2,521	1,321
Senior Citizen Mini-bus fee	3,200	3,200	4,210	1,010
Rent from schools	2,500	2,500	3,704	1,204
Tower rental	75,000	75,000	90,220	15,220
Town auction	1	1	4,941	4,940
Total charges for services	<u>770,131</u>	<u>789,467</u>	<u>847,681</u>	<u>58,214</u>
Investment Income:				
Income on investments	<u>90,000</u>	<u>90,000</u>	<u>106,795</u>	<u>16,795</u>
Other Revenues:				
Miscellaneous receipts	35,001	35,001	333,425	298,424
Recycling program	24,000	24,000	24,305	305
Workers' Compensation	12,000	12,000	14,469	2,469
Total other revenues	<u>71,001</u>	<u>71,001</u>	<u>372,199</u>	<u>301,198</u>
Total revenues	<u>45,743,589</u>	<u>45,762,925</u>	<u>46,729,765</u>	<u>966,840</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources:				
Transfers from other funds:				
Sewer Administration Fund	\$ 130,634	\$ 130,634	\$ 103,183	\$ (27,451)
Police reimbursement	30,000	30,000	30,000	-
James DeForest Phelps Fund	50	50	13	(37)
Total other financing sources	<u>160,684</u>	<u>160,684</u>	<u>133,196</u>	<u>(27,488)</u>
Total	\$ <u>45,904,273</u>	\$ <u>45,923,609</u>	46,862,961	\$ <u>939,352</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.			3,388,723	
The Town does not budget for the issuance of bond premiums revenues.			138,138	
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.			175,432	
Cancellation of prior year encumbrances are recognized as budgetary revenue.			<u>(122,620)</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>50,442,634</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, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Auditing Services	\$ 40,126	\$ 30,126	\$ 27,900	\$ 2,226
Board of Assessment Appeals	1,140	1,140	839	301
Board of Assessors	146,652	146,813	135,782	11,031
Board of Finance	6,053	8,347	8,058	289
Board of Selectmen	144,490	151,828	151,660	168
Building Official	226,486	227,178	216,355	10,823
Capital Improvement Advisory Commission	616	616	193	423
Conservation Commission	2,924	2,924	2,345	579
Contingency Fund	300,000	84,317		84,317
Economic Development Commission	28,494	29,477	28,091	1,386
Finance Department	236,199	286,199	283,984	2,215
General expense all buildings	27,750	27,750	28,557	(807)
Historical Commission	436	436	258	178
Holiday observance	3,000	3,000	3,000	-
Human Resource	51,584	53,789	53,294	495
Information Technologies	63,870	80,370	70,676	9,694
Inland/Wetlands Agency	3,539	3,539	2,582	957
Municipal associations	23,427	23,427	20,091	3,336
Planning and Zoning Commission	9,341	14,441	9,224	5,217
Probate Court	22,000	22,001	18,649	3,352
Registrar of Voters	37,837	41,337	38,180	3,157
Senior Center	90,307	93,074	84,112	8,962
Tax Collector	162,520	172,764	164,605	8,159
Town Clerk	133,361	133,828	131,383	2,445
Town Counsel	81,000	288,099	279,241	8,858
Town Engineer	50,000	76,070	76,070	-
Town Office Building	158,432	173,377	165,025	8,352
Town Treasurer	200	200	200	-
Zoning Board of Appeals	5,010	6,210	5,929	281
Total general government	<u>2,056,794</u>	<u>2,182,677</u>	<u>2,006,283</u>	<u>176,394</u>
Public safety:				
Ambulance Association	9,000	9,000	9,000	-
Fire	393,958	396,844	350,252	46,592
Fire Marshal	62,409	62,410	58,008	4,402
Marine services	300	300		300
Nine bay garage/safety complex	2,400	2,924	1,762	1,162
Office of Emergency Management	27,156	28,256	23,468	4,788
Police	3,227,126	3,227,125	3,244,611	(17,486)
Animal control	5,900	5,900	5,017	883
Safety Complex	173,557	189,805	172,118	17,687
Water main/street lighting	641,757	645,539	628,725	16,814
Total public safety	<u>4,543,563</u>	<u>4,568,103</u>	<u>4,492,961</u>	<u>75,142</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, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Public works:				
Landfill/refuse removal	\$ 995,971	\$ 995,971	\$ 1,027,437	\$ (31,466)
Public Works Department	1,443,020	1,446,085	1,430,648	15,437
Public Works Garage	28,880	28,948	26,934	2,014
Snow removal	61,500	86,795	86,692	103
Spring Street Garage	9,600	10,116	8,133	1,983
Total public works	<u>2,538,971</u>	<u>2,567,915</u>	<u>2,579,844</u>	<u>(11,929)</u>
Health and welfare:				
Commission on Needs of the Aging	186,410	191,908	184,724	7,184
Outside services	108,534	108,534	64,736	43,798
Social services	59,085	64,425	58,038	6,387
Youth Service Bureau	57,479	57,479	57,266	213
Total health and welfare	<u>411,508</u>	<u>422,346</u>	<u>364,764</u>	<u>57,582</u>
Recreation:				
Parks and recreation	389,530	407,033	409,033	(2,000)
Public library	431,108	431,108	431,108	-
Total recreation	<u>820,638</u>	<u>838,141</u>	<u>840,141</u>	<u>(2,000)</u>
Employee benefits and insurance:				
Employee benefits	2,503,098	2,503,098	2,310,061	193,037
Insurance and bonds	473,000	473,000	430,211	42,789
Total employee benefits and insurance	<u>2,976,098</u>	<u>2,976,098</u>	<u>2,740,272</u>	<u>235,826</u>
Education	<u>29,336,822</u>	<u>29,336,822</u>	<u>29,335,947</u>	<u>875</u>
Debt service:				
Bond redemption	2,107,237	2,107,237	1,947,236	160,001
Interest	539,152	539,152	445,634	93,518
Total debt service	<u>2,646,389</u>	<u>2,646,389</u>	<u>2,392,870</u>	<u>253,519</u>
Total expenditures	<u>45,330,783</u>	<u>45,538,491</u>	<u>44,753,082</u>	<u>785,409</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing uses:				
Transfers to other funds:				
Capital Improvement Fund	\$ <u>1,223,490</u>	\$ <u>1,223,490</u>	\$ <u>1,223,490</u>	\$ <u>-</u>
Total	\$ <u>46,554,273</u>	\$ <u>46,761,981</u>	45,976,572	\$ <u>785,409</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.				
			3,388,723	
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.				
			175,432	
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.				
			312,345	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.				
			<u>(636,260)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>49,216,812</u>	

TOWN OF WINDSOR LOCKS, CONNECTICUT

SEWER ADMINISTRATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sewer use charges and interest	\$ 1,834,433	\$ 1,834,433	\$ 1,758,501	\$ (75,932)
Fees	26,250	26,250	28,119	1,869
Investment income	15,500	15,500	20,616	5,116
Intergovernmental			3,822	3,822
Miscellaneous			24,144	24,144
Total revenues	<u>1,876,183</u>	<u>1,876,183</u>	<u>1,835,202</u>	<u>(40,981)</u>
Expenditures:				
Salaries	660,212	627,398	627,398	-
Fringe benefits	297,064	280,562	280,562	-
Overtime	38,500	39,185	39,185	-
Audit and legal fees	14,000	18,582	18,582	-
Chemicals/chlorine	77,401	79,711	79,711	-
Contingency	10,000			-
Electricity	185,493	177,914	177,914	-
Equipment rental/hauling	8,266	5,787	5,787	-
Fuel, oil, natural gas	26,763	29,435	29,435	-
Gasoline and diesel	15,187	10,924	10,924	-
Insurance	45,221	45,646	45,646	-
Lab equipment	24,250	30,651	30,952	(301)
Manholes	2,500			-
Mechanical maintenance	37,000	85,197	84,623	574
Outside services	23,769	31,095	31,095	-
Safety training	2,500	2,293	2,293	-
Sewer line maintenance	6,000	4,800	4,800	-
Tornado repairs			23,574	(23,574)
Sludge disposal	83,500	82,735	74,527	8,208
Supplies	37,425	32,791	32,791	-
Telephone	4,908	5,192	5,192	-
User fee administration	11,162	14,128	14,128	-
Vehicle parts, repairs	6,500	14,031	14,031	-
Water	8,729	8,293	8,285	8
Total expenditures	<u>1,626,350</u>	<u>1,626,350</u>	<u>1,641,435</u>	<u>(15,085)</u>

(Continued on next page)

TOWN OF WINDSOR LOCKS, CONNECTICUT

SEWER ADMINISTRATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess of Revenues over Expenditures	\$ 249,833	\$ 249,833	\$ 193,767	\$ (56,066)
Other financing sources (uses):				
Transfers out	<u>(301,001)</u>	<u>(301,001)</u>	<u>(301,001)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(51,168)</u>	\$ <u>(51,168)</u>	(107,234)	\$ <u>(56,066)</u>
Fund Balance at Beginning of Year			<u>1,817,214</u>	
Fund Balance at End of Year			\$ <u>1,709,980</u>	

TOWN OF WINDSOR LOCKS, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 7,032,478	\$ 6,635,150
Investments	5,651,435	5,588,591
Property taxes receivable, net of allowance for \$103,306 in 2014 and \$457,975 in 2013	1,191,878	1,119,938
Accounts receivable	1,068,965	1,446,135
Due from other funds	<u>1,300,165</u>	<u>132,364</u>
Total Assets	<u>\$ 16,244,921</u>	<u>\$ 14,922,178</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 1,494,817	\$ 1,294,934
Due to other funds	337,280	291,981
Unearned revenue	<u>82,397</u>	<u>82,397</u>
Total liabilities	<u>1,832,097</u>	<u>1,669,312</u>
Deferred inflows of resources:		
Advance property tax collections	13,612	
Unavailable revenue - property taxes	1,033,694	861,139
Unavailable revenue - long-term receivable	<u>854,719</u>	<u>1,106,750</u>
Total deferred inflows of resources	<u>1,902,025</u>	<u>1,967,889</u>
Fund balance:		
Assigned	636,260	1,084,965
Unassigned	<u>11,874,539</u>	<u>10,200,012</u>
Total fund balance	<u>12,510,799</u>	<u>11,284,977</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 16,244,921</u>	<u>\$ 14,922,178</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2014

52

Grand List	Uncollected Taxes July 1, 2013	Current Tax Levy			Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2014	
			Additions	Deductions			Taxes	Interest and Lien Fees	Total		
1997	\$ 4,379	\$	\$	\$ 4,379	\$	\$	\$	\$	\$ -	\$ -	
1998	4,816					4,816			-	4,816	
1999	1,811					1,811			-	1,811	
2000	2,800					2,800			-	2,800	
2001	4,973					4,973			-	4,973	
2002	7,286		105			7,391	3,371	1,247	4,618	4,020	
2003	7,669					7,669	3,312	5,242	8,554	4,357	
2004	27,675			18,211		9,464	2,330	7,573	9,903	7,134	
2005	43,042			28,634		14,408	4,598	5,142	9,740	9,810	
2006	62,601			36,894		25,707	9,022	8,254	17,276	16,685	
2007	71,699			30,945		40,754	13,648	11,122	24,770	27,106	
2008	138,092		246			138,338	93,077	66,133	159,210	45,261	
2009	170,986		268			171,254	103,621	47,719	151,340	67,633	
2010	368,120		214	1,379	68,717	298,238	150,177	82,771	232,948	148,061	
2011	661,964		1,616	32,902		630,678	291,224	75,504	366,728	339,454	
Total prior years	1,577,913		2,449	153,344	68,717	1,358,301	674,380	310,707	985,087	683,921	
2012		32,387,626	98,558	179,495		32,306,689	31,695,426	148,848	31,844,274	611,263	
Total	\$ 1,577,913	\$ 32,387,626	\$ 101,007	\$ 332,839	\$ 68,717	\$ 33,664,990	32,369,806	459,555	32,829,361	\$ 1,295,184	
							Suspense Collections	13,261	10,758	24,019	
							Total	32,383,067	\$ 470,313	\$ 32,853,380	
							Prior year refunds expended:	35,307			
							Property taxes receivable considered available:				
							June 30, 2013	(258,799)			
							June 30, 2014	158,184			
							Total Taxes	\$ 32,317,759			

TOWN OF WINDSOR LOCKS, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

Special Revenue

	<u>Special Grants</u>	<u>Dog</u>	<u>Highway</u>	<u>School Cafeteria</u>	<u>Police Revolving</u>	<u>Parks and Recreation</u>
ASSETS						
Cash and cash equivalents	\$	\$ 11,503	\$ 287,266	\$ 20,856	\$ 82,991	\$ 115,067
Investments						
Receivables, net	4,556	1,387		66,358	14,658	
Due from other funds	244,146	9,209				
Inventory				8,201		
Total Assets	\$ <u>248,702</u>	\$ <u>22,099</u>	\$ <u>287,266</u>	\$ <u>95,415</u>	\$ <u>97,649</u>	\$ <u>115,067</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 719	\$ 8,282	\$ 6,117	\$ 74,250	\$	\$
Due to other funds					25,910	
Unearned revenue				5,173		
Total liabilities	<u>719</u>	<u>8,282</u>	<u>6,117</u>	<u>79,423</u>	<u>25,910</u>	<u>-</u>
Fund Balances:						
Nonspendable				8,201		
Restricted	247,983					
Committed		13,817	281,149	7,791	71,739	115,067
Total fund balances	<u>247,983</u>	<u>13,817</u>	<u>281,149</u>	<u>15,992</u>	<u>71,739</u>	<u>115,067</u>
Total Liabilities and Fund Balances	\$ <u>248,702</u>	\$ <u>22,099</u>	\$ <u>287,266</u>	\$ <u>95,415</u>	\$ <u>97,649</u>	\$ <u>115,067</u>

(Continued on next page)

TOWN OF WINDSOR LOCKS, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

	Special Revenue			Permanent Fund	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Human Services	Police Department Asset Forfeiture	James DeForest Phelps	
ASSETS					
Cash and cash equivalents	\$ 13,357	\$ 84,744	\$ 66,968	\$	\$ 682,752
Investments				3,835	3,835
Receivables, net	3,357				90,316
Due from other funds					253,355
Inventory					8,201
Total Assets	\$ 16,714	\$ 84,744	\$ 66,968	\$ 3,835	\$ 1,038,459
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 352	\$	\$	\$	\$ 89,720
Due to other funds	4,760	1,932			32,602
Unearned revenue					5,173
Total liabilities	5,112	1,932	-	-	127,495
Fund Balances:					
Nonspendable				3,000	11,201
Restricted			66,968		314,951
Committed	11,602	82,812		835	584,812
Total fund balances	11,602	82,812	66,968	3,835	910,964
Total Liabilities and Fund Balances	\$ 16,714	\$ 84,744	\$ 66,968	\$ 3,835	\$ 1,038,459

TOWN OF WINDSOR LOCKS, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

55

	<u>Special Revenue</u>					
	<u>Special Grants</u>	<u>Dog</u>	<u>Highway</u>	<u>School Cafeteria</u>	<u>Police Revolving</u>	<u>Parks and Recreation</u>
Revenues:						
Intergovernmental	\$ 118,523		\$ 263,439	\$ 385,902	\$ 237,931	\$ 286,479
Charges for services		8,376		406,921		
Contributions	16,058					
Income from investments			2			
Total revenues	<u>134,581</u>	<u>8,376</u>	<u>263,441</u>	<u>792,823</u>	<u>237,931</u>	<u>286,479</u>
Expenditures:						
Current:						
General government	8,837					
Public safety	45,408	3,401			194,762	
Public works			284,649			
Health and welfare	5,084					
Recreation						277,856
Education				813,082		
Total expenditures	<u>59,329</u>	<u>3,401</u>	<u>284,649</u>	<u>813,082</u>	<u>194,762</u>	<u>277,856</u>
Excess (Deficiency) of Revenues over Expenditures	75,252	4,975	(21,208)	(20,259)	43,169	8,623
Other Financing Sources (Uses):						
Transfers out					(30,000)	
Net Change in Fund Balances	75,252	4,975	(21,208)	(20,259)	13,169	8,623
Fund Balances at Beginning of Year	<u>172,731</u>	<u>8,842</u>	<u>302,357</u>	<u>36,251</u>	<u>58,570</u>	<u>106,444</u>
Fund Balances at End of Year	<u>\$ 247,983</u>	<u>\$ 13,817</u>	<u>\$ 281,149</u>	<u>\$ 15,992</u>	<u>\$ 71,739</u>	<u>\$ 115,067</u>

(Continued on next page)

TOWN OF WINDSOR LOCKS, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	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	\$	\$	\$ 9,104	\$	\$ 776,968
Charges for services	56,661	15,068			1,011,436
Contributions	4,692				20,750
Income from investments				13	15
Total revenues	<u>61,353</u>	<u>15,068</u>	<u>9,104</u>	<u>13</u>	<u>1,809,169</u>
Expenditures:					
Current:					
General government					8,837
Public safety			9,050		252,621
Public works					284,649
Health and welfare	55,264	14,844			75,192
Recreation					277,856
Education					813,082
Total expenditures	<u>55,264</u>	<u>14,844</u>	<u>9,050</u>	<u>-</u>	<u>1,712,237</u>
Excess (Deficiency) of Revenues over Expenditures	6,089	224	54	13	96,932
Other Financing Sources (Uses):					
Transfers out				(13)	(30,013)
Net Change in Fund Balances	6,089	224	54	-	66,919
Fund Balances at Beginning of Year	<u>5,513</u>	<u>82,588</u>	<u>66,914</u>	<u>3,835</u>	<u>844,045</u>
Fund Balances at End of Year	<u>\$ 11,602</u>	<u>\$ 82,812</u>	<u>\$ 66,968</u>	<u>\$ 3,835</u>	<u>\$ 910,964</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND - BY PROJECT**

JUNE 30, 2014

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Total Capital Projects Fund</u>
ASSETS				
Cash and cash equivalents	\$ 1,741,472	\$ 1,328,092	\$ 246,554	\$ 3,316,118
Due from other funds		83,925		83,925
	<u>1,741,472</u>	<u>1,412,017</u>	<u>246,554</u>	<u>3,400,043</u>
Total Assets	<u>\$ 1,741,472</u>	<u>\$ 1,412,017</u>	<u>\$ 246,554</u>	<u>\$ 3,400,043</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 34,366	\$ 91,027	\$	\$ 125,393
Bond anticipation note payable		4,510,000		4,510,000
Due to other funds	41,930			41,930
	<u>76,296</u>	<u>4,601,027</u>	<u>-</u>	<u>4,677,323</u>
Total Liabilities	<u>76,296</u>	<u>4,601,027</u>	<u>-</u>	<u>4,677,323</u>
Fund Balances:				
Committed	1,665,176		246,554	1,911,730
Unassigned		(3,189,010)		(3,189,010)
Total fund balances	<u>1,665,176</u>	<u>(3,189,010)</u>	<u>246,554</u>	<u>(1,277,280)</u>
Total Liabilities and Fund Balances	<u>\$ 1,741,472</u>	<u>\$ 1,412,017</u>	<u>\$ 246,554</u>	<u>\$ 3,400,043</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, 2014

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Total Capital Projects Fund</u>
Revenues:				
Intergovernmental	\$ 26,540	\$ 291,646	\$	\$ 318,186
Income from investments	1,152	1,947	317	3,416
Other revenue	750	3,000		3,750
Total revenues	<u>28,442</u>	<u>296,593</u>	<u>317</u>	<u>325,352</u>
Expenditures:				
Capital outlay	1,802,402	2,103,265	35,812	3,941,479
Debt service	93,037			93,037
Total expenditures	<u>1,895,439</u>	<u>2,103,265</u>	<u>35,812</u>	<u>4,034,516</u>
Deficiency of Revenues over Expenditures	<u>(1,866,997)</u>	<u>(1,806,672)</u>	<u>(35,495)</u>	<u>(3,709,164)</u>
Other Financing Sources:				
Issuance of capital leases	325,722			325,722
Bond issuance		4,740,000		4,740,000
Transfers in	1,223,490		197,818	1,421,308
Total other financing sources	<u>1,549,212</u>	<u>4,740,000</u>	<u>197,818</u>	<u>6,487,030</u>
Net Change in Fund Balances	(317,785)	2,933,328	162,323	2,777,866
Fund Balances at Beginning of Year	<u>1,982,961</u>	<u>(6,122,338)</u>	<u>84,231</u>	<u>(4,055,146)</u>
Fund Balances at End of Year	<u>\$ 1,665,176</u>	<u>\$ (3,189,010)</u>	<u>\$ 246,554</u>	<u>\$ (1,277,280)</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Assets:				
Cash and cash equivalents:				
Student Activities Fund	\$ <u>248,781</u>	\$ <u>302,024</u>	\$ <u>347,060</u>	\$ <u>203,745</u>
Liabilities:				
Accounts payable:				
Student Activities Fund	\$ <u>248,781</u>	\$ <u>302,024</u>	\$ <u>347,060</u>	\$ <u>203,745</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
SEWER ADMINISTRATION FUND
REPORT OF SEWER USE CHARGE COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2014

09

List Year	Uncollected Charges July 1, 2013	Current Year Billings and Adjustments	Adjusted Charges Collectible	Collections			Uncollected Charges June 30, 2014
				Charges	Interest and Lien Fees	Total	
2002	\$ 52	\$	\$ 52	\$	\$	\$	\$ 52
2003	199		199				199
2004	291		291				291
2005	236		236				236
2006	1,556		1,556	395	328	723	1,161
2007	4,279		4,279	1,649	2,076	3,725	2,630
2008	12,131		12,131	4,605	4,635	9,240	7,526
2009	24,016		24,016	8,459	6,482	14,941	15,557
2010	36,572		36,572	11,734	8,502	20,236	24,838
2011	58,242		58,242	17,996	9,758	27,754	40,246
2012	105,770	120	105,890	43,513	13,202	56,715	62,377
Total prior years	243,344	120	243,464	88,351	44,983	133,334	155,113
2013		1,725,907	1,725,907	1,604,367	20,800	1,625,167	121,540
Total	\$ 243,344	\$ 1,726,027	\$ 1,969,371	\$ 1,692,718	\$ 65,783	\$ 1,758,501	\$ 276,653

TOWN OF WINDSOR LOCKS, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2014

Total tax collections (including interest and lien fees) for current fiscal year						\$	<u>32,853,380</u>
Base						\$	<u><u>32,853,380</u></u>
		General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	
Debt limitation:							
2-1/4 times base	\$	73,920,105	\$		\$		\$
4-1/2 times base			147,840,210				
3-3/4 times base				123,200,175			
3-1/4 times base					106,773,485		
3 times base							98,560,140
Total debt limitation		<u>73,920,105</u>	<u>147,840,210</u>	<u>123,200,175</u>	<u>106,773,485</u>		<u>98,560,140</u>
Indebtedness:							
Bonds and notes payable		6,847,342	6,912,658	754,897			
Bonds authorized and unissued		2,130,000	2,696,483				
Less school building grants			(854,719)				
Net indebtedness		<u>8,977,342</u>	<u>8,754,422</u>	<u>754,897</u>	<u>-</u>		<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$	<u>64,942,763</u>	\$ <u>139,085,788</u>	\$ <u>122,445,278</u>	\$ <u>106,773,485</u>	\$	<u>98,560,140</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$229,973,660).

TOWN OF WINDSOR LOCKS, CONNECTICUT

FOR THE YEAR ENDED JUNE 30, 2014

PRINCIPAL TAXPAYERS

<u>Name</u>	<u>Nature of Business</u>	<u>Taxable Valuation as of 10/1/12</u>	<u>Percent of Net Taxable Grand List*</u>
United Technologies Corporation	Manufacturing	\$ 39,062,600	3.08 %
PV Holding Corp	Car rental	27,387,369	2.16
Hertz Vehicles LLC	Car rental	24,869,568	1.96
AREH Windsor Locks, LLC	Warehouse	22,594,200	1.78
EAN Holdings LLC	Car rental	20,109,308	1.58
Hartford Parking Property LLC	Valet parking	16,075,100	1.27
Ahlstrom Nonwovens LLC	Manufacturing	14,303,940	1.13
Connecticut Light & Power Company	Utility	14,074,040	1.11
American Honda Motor Co.	Parts distribution center	13,154,800	1.04
AFP 100 Corp	Hotel	<u>10,274,700</u>	<u>0.81</u>
Total		\$ <u><u>201,905,625</u></u>	<u><u>15.90 %</u></u>

* Based on 10/01/12 Net Taxable Grand List of \$1,269,830,949

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								
2014	2012	46.5	% 22.6	% 0.0	% 18.4	% 12.5	\$ 1,410,980	\$ 141,149	\$ 1,269,831	0.4	%
2013	2011	50.6	25.2	0.0	8.8	15.4	1,386,837	122,058	1,264,779	2.1	
2012	2010	51.3	25.9	0.0	9.4	13.4	1,357,056	118,518	1,238,538	0.2	
2011	2009	52.0	25.1	0.0	11.0	11.9	1,360,972	125,283	1,235,689	(1.9)	
2010	2008	50.8	25.9	0.0	11.4	11.7	1,369,385	109,493	1,259,892	9.3	
2009	2007	46.6	24.7	0.0	14.3	14.3	1,252,602	99,785	1,152,817	3.6	
2008	2006	47.9	24.5	0.0	14.2	13.4	1,199,002	86,349	1,112,653	1.5	
2007	2005	47.5	24.2	0.0	14.5	13.8	1,178,178	81,445	1,096,733	2.4	
2006	2004	47.0	25.6	0.0	13.9	13.5	1,158,850	88,179	1,070,671	2.3	
2005	2003	47.2	23.3	0.0	13.1	16.4	1,113,681	66,703	1,046,978	20.2	

63

Date of Last Revaluation 10/1/09
Based on Assessor Data

TOWN OF WINDSOR LOCKS, CONNECTICUT

CURRENT DEBT STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

Bonded Debt:		
General purpose	\$	6,847,342
Schools		6,912,658
Sewers		754,897
Total bonded debt		<u>14,514,897</u>
Short-Term Debt:		<u>4,510,000</u>
Total direct debt		19,024,897
Less school construction grants receivable		<u>(854,719)</u>
Total Overall Net Debt	\$	<u><u>18,170,178</u></u>

CURRENT DEBT RATIOS

FOR THE YEAR ENDED JUNE 30, 2014

Population, 2012		12,500
Per capita income, 2012	\$	26,549
Net taxable grand list, 10/1/12	\$	1,269,830,949
Estimated full value @ 70%	\$	1,814,044,213
Equalized net grand list, 2012**	\$	1,833,714,636

	Overall Debt	Overall Net Debt
	\$ 19,024,897	\$ 18,170,178
Per capita	\$ 1,522	\$ 1,454
To net taxable grand list	1.50%	1.43%
To estimated full value @ 70%	1.05%	1.00%
To equalized net grand list, 2012	1.04%	0.99%
Ratio of debt per capita to per capita income	5.73%	5.48%

*State of Connecticut Office of Policy and Management

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

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, 2014			
2014	2012	\$ 1,269,831	24.54	\$ 32,307	98.1	%	1.9	%	1.9	%
2013	2011	1,264,779	24.27	31,296	97.9		2.1		1.1	
2012	2010	1,238,538	23.40	29,700	97.8		2.2		0.5	
2011	2009	1,235,689	23.15	29,417	98.1		1.9		0.2	
2010	2008	1,259,892	21.65	27,675	97.7		2.3		0.2	
2009	2007	1,152,817	23.57	27,793	97.9		2.1		0.1	
2008	2006	1,112,653	22.88	26,817	98.6		1.4		0.1	
2007	2005	1,096,733	22.65	26,060	98.6		1.4		0.0	
2006	2004	1,070,671	22.40	25,161	98.1		1.9		0.0	
2005	2003	1,046,978	20.69	22,629	98.7		1.3		0.0	