

TOWN OF WINDSOR LOCKS, CONNECTICUT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
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TOWN OF WINDSOR LOCKS, CONNECTICUT
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Independent Auditors' Report

To the Board of Finance
Town of Windsor Locks, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Windsor Locks, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Windsor Locks, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Windsor Locks, Connecticut, as of June 30, 2021 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.

Emphasis of Matter

During fiscal year ended June 30, 2021, the Town of Windsor Locks, Connecticut adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of implementation of this standard, the Town of Windsor Locks, Connecticut reported a restatement for the change in accounting principle (see Note 13). Our opinion is not modified with respect to this matter.

In addition, the Town of Windsor Locks, Connecticut reported a restatement in the special grants fund for revenue recognition under the modified accrual basis of accounting (see Note 13). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

The Town of Windsor Locks, Connecticut's basic financial statements for the year ended June 30, 2020 (not presented herein) were audited by Blum, Shapiro & Company, P.C. (blumshapiro), whose partners and professional staff joined CliftonLarsonAllen LLP as of January 1, 2021 and has subsequently ceased operations. Blum Shapiro's report thereon dated December 14, 2020, expressed 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, 2020 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 2020 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2020 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 their opinion, the General Fund balance sheet was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2022 on our consideration of the Town of Windsor Locks, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Windsor Locks, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Windsor Locks, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
February 24, 2022

**TOWN OF WINDSOR LOCKS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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, 2021. 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 \$91.3 million (net position). Of this amount, \$12.0 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- On a government-wide basis during the year, the Town's total net position increased by \$1.1 million to \$91.3 million.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$26.1 million, an increase of \$1.6 million in comparison with the prior fiscal year.
- At the close of the fiscal year, unassigned fund balance for the General Fund was \$15.9 million, or 28.8% of total General Fund expenditures and transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The Town maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, Sewer Administration Fund, combined Capital Projects Funds, and the Special Grants fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in exhibit B1 and B2.

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

Proprietary Funds

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

Fiduciary Funds

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town’s current year net position increased by approximately \$1.1 million from last fiscal year to fiscal year 2021. The unrestricted net position is the portion of net position that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town’s governmental activities.

**TABLE 1
NET POSITION
In Thousands**

	Governmental Activities	
	2021	2020
Current and other assets	\$ 43,344	\$ 37,925
Capital assets, net of accumulated depreciation	97,367	97,271
Total assets	<u>140,711</u>	<u>135,196</u>
Deferred outflows of resources	<u>8,819</u>	<u>9,289</u>
Long-term debt outstanding	47,114	47,867
Other liabilities	6,414	3,158
Total liabilities	<u>53,528</u>	<u>51,025</u>
Deferred inflows of resources	<u>4,688</u>	<u>3,226</u>
Net Position:		
Net investment in capital assets	73,862	72,668
Restricted	5,454	4,059
Unrestricted	<u>11,998</u>	<u>13,507</u>
Total Net Position	<u>\$ 91,314</u>	<u>\$ 90,234</u>

TABLE 2
CHANGE IN NET POSITION
In Thousands

	Governmental	
	Activities	
	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services:	\$ 5,975	\$ 5,811
Operating grants and contributions	20,618	16,802
Capital grants and contributions	427	
General revenues:		
Property taxes	39,032	38,607
Grants and contributions not restricted to specific purposes	6,366	6,274
Investment income	73	698
Miscellaneous	228	210
Total revenues	<u>72,719</u>	<u>69,388</u>
 Expenses:		
General government	3,967	3,405
Public safety	7,837	7,355
Public works	5,686	6,895
Health and welfare	527	602
Recreation	907	1,110
Education	52,388	47,808
Interest on long-term debt	328	622
Total program expenses	<u>71,640</u>	<u>67,797</u>
 Increase in Net Position	 \$ <u>1,079</u>	 \$ <u>1,591</u>

Governmental Activities

Approximately 53.7% of the revenues were derived from property taxes, followed by 28.9% from grants and contributions, and 8.2% charges for services. The remaining 9.2% was derived from other types of grants, investment earnings, and miscellaneous revenue.

Major revenue and expenditure factors included:

- The Town was able to mitigate ongoing expenditures related to COVID by utilizing CARES Act funds to cover additional incurred costs.
- COVID continued to affect programming provided by Park and Recreation, the Senior Center, and Youth Services, impacting both revenues and expenditures.
- A large fluctuation was seen in investment income due to volatile market performance through the fiscal year related to COVID.
- Similar to other communities, the Town saw an increase in Conveyance tax received with the growing housing market; as well as a decrease in building permits as we experienced the down slope of the big increase of permits seen in the prior year relating to people staying at home during COVID.

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

**TABLE 3
GOVERNMENTAL ACTIVITIES
In Thousands**

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General government	\$ 3,967	\$ 3,405	\$ 2,961	\$ 2,092
Public safety	7,837	7,355	7,361	6,892
Public works	5,686	6,895	2,209	2,749
Health and welfare	527	602	412	491
Recreation	907	1,110	781	852
Education	52,388	47,808	30,566	30,500
Interest	328	622	328	622
Totals	\$ 71,640	\$ 67,797	\$ 44,618	\$ 44,198

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 \$26.1 million, which is an increase from last year’s total of \$24.6 million. Approximately \$14.5 million of this total amount constitutes unassigned fund balance, which is available for spending at the Town’s discretion. Approximately \$922 thousand is assigned as encumbrances. \$6.5 million is committed to designated use. The remainder of fund balance, \$4.1 million, is classified as either restricted or non-spendable to indicate that it is not available for liquidation due to external or legislative constraints.

General Fund Budgetary Highlights

The General Fund is the operating fund of the Town. At the end of the current fiscal year, total fund balance and unassigned fund balance of the General Fund was \$16.8 million and \$15.9 million, respectively.

As a measure of the General Fund’s liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 28.8% of total General Fund expenditures and transfers. This is above the range of the Town’s fund balance policy target range of 18% to 25%. Although this is out of compliance with the fund balance policy, it is anticipated that fund balance will be used to offset the total borrowing for several large capital projects on the horizon. Currently, there is a proposal for construction of a new Police Station, and construction of a new Senior Center, with additional public safety facility upgrades occurring after completion of the Police Station.

Sewer Administration Fund

The total fund balance decreased by approximately \$130 thousand. Income from sewer use charges increased by about 8% and there was a slight increase in fees collected. Overall, revenue collections decreased due to recognition of Bonding Premium in the prior year. Expenditures remained flat. The transfers out consisted of \$617 thousand to the General Fund for debt service, \$92 thousand to the General Fund to cover shared operating expenses, and \$297 thousand to the WPCA Capital fund.

Capital Projects Funds

These funds account for financial resources to be used for the acquisition of major equipment, construction and upgrades of facilities, and Infrastructure improvements. Appropriations are made annually by the Board of Finance and citizen referendum pursuant to the Town Charter. Expenditures for capital projects and equipment for 2021 totaled \$1.9 million.

The Town continues with ongoing renovations and upgrade projects for Town Hall, and moves forward with existing sewer and road reconstruction projects. Roadway projects consist of reclaiming, grading, resurfacing, sanitary sewer replacements, and repair and modifications to drainage. The Town's 2021 road projects include portions of Halfway House, Webb, South, and Second. Roadway projects usually span more than one fiscal year, with portions of current and prior year projects being worked on in the year.

The WPCA multi-year project that included renovations and upgrades to Pump Stations, radio communication upgrades, equipment and system upgrades at the treatment facility and Plant Improvements is now substantially complete. This initial portion was slated to be phase 1 of a multi-phase project. Future phases have not yet been approved.

Internal Service Fund

The Town uses the Medical Insurance Fund to pay for employee medical costs. Due to conservative budgeting combined with recent positive claims experience, the fund balance had incrementally grown year over year. The Board of Finance recognized that the available balance had grown beyond what would reasonably be expected as needed to cover claims in an emergency or uncharacteristic year. The Board has subsequently made a concerted effort over the past several years to reduce the fund balance in the medical insurance fund by transferring a lower amount from the general fund to cover claims expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the Town had invested in a broad range of capital assets, including land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles, furniture and fixtures and infrastructure (roads, sewer lines, sidewalks) on a gross basis of \$154.6 million and \$97.4 million net of accumulated depreciation.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)
In Thousands

	Governmental Activities	
	2021	2020
Land	\$ 5,908	\$ 5,686
Construction in progress	15,623	16,917
Land improvements	1,568	1,637
Buildings	6,627	6,831
Building improvements	33,279	34,132
Machinery and equipment	6,069	5,781
Vehicles	2,994	3,129
Furniture and fixtures	1,659	488
Infrastructure	23,640	22,670
Totals	\$ 97,367	\$ 97,271

This year's major additions included:

- Completion of 2017 Roadway project
- Voter at Pesci Park
- Library AC Upgrades

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

Long-Term Debt

At June 30, 2021, the Town had general obligation bonded debt outstanding of \$21.8 million, with \$2.0 million due within the next year. The Town also had \$94 thousand of clean water notes with the remaining total due within one year. All this debt comprises debt backed by the full faith and credit of the Town.

The Town maintains a "AA+" rating from Standard & Poor's Global rating agency for general obligation debt in the Fiscal Year. The State limits the amount of general obligation debt that towns can issue on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$270.6 million State-imposed limit.

The Town's total debt decreased by a net of \$753 thousand. Total long-term debt is inclusive of General Obligation Bonds, Capital Leases, Net Pension Liability, OPEB (Other Post-Employment Benefits) liability, MERS service costs, compensated absences and Heart and Hypertension claims. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The State of Connecticut has seen shortfalls in revenue due to COVID. The State's economic health has an impact on grants and funding sources received by municipalities from the State. Both the Town and the Board of Education have received American Rescue Plan Act (ARPA) funds. Both the Town and the Board of Education have formed a plan for the use of these funds that is designed for maximum impact to help the residents and businesses of the community. The Town will continue to offer needed services to its citizens while remaining as fiscally prudent as possible.

At the time of issuance of the Financial Statements, the Town is currently in the process of approving bonding for a new Police Station and Senior Center. The new Police Station is the result of a safety facilities study that encompassed Police, Fire, and Ambulance facilities and services. The Police Station is the first phase of proposed improvements to Town Public Safety facilities.

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 23,883,055
Investments	8,678,852
Receivables, net	5,742,952
Due from fiduciary fund	67,300
Inventories	9,924
Brownfield note receivable	4,000,000
Net OPEB asset	961,633
Capital assets:	
Assets not being depreciated	21,530,962
Assets being depreciated, net	<u>75,835,985</u>
Total assets	<u>140,710,663</u>
Deferred Outflows of Resources:	
Deferred outflows related to pensions	8,360,950
Deferred outflows relates to OPEB	347,870
Deferred charge on refunding	110,239
Total deferred outflows of resources	<u>8,819,059</u>
Liabilities:	
Accounts and other payables	3,575,135
Unearned revenue	2,838,930
Noncurrent liabilities:	
Due within one year	2,412,039
Due in more than one year	44,701,422
Total liabilities	<u>53,527,526</u>
Deferred Inflows of Resources:	
Deferred inflows related to OPEB	2,185,598
Deferred inflows related to pension	2,488,395
Advance property tax collections	14,324
Total deferred inflows of resources	<u>4,688,317</u>
Net Position:	
Net investment in capital assets	73,862,255
Restricted:	
Expendable trusts:	
Nonspendable	3,000
Expendable	835
Highway projects	1,214,391
Grants	2,937,732
Net OPEB Asset	961,633
Student Activities	216,524
TIF District	119,590
Unrestricted	<u>11,997,919</u>
Total Net Position	\$ <u>91,313,879</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, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 3,966,947	\$ 518,225	\$ 487,611	\$	\$ (2,961,111)
Public safety	7,837,276	380,708	95,429		(7,361,139)
Public works	5,685,504	2,783,094	266,915	427,419	(2,208,076)
Health and welfare	526,544	26,923	87,277		(412,344)
Recreation	907,220	125,927	50		(781,243)
Education	52,387,626	2,140,485	19,681,109		(30,566,032)
Interest on long-term debt	328,322				(328,322)
Total Governmental Activities	\$ 71,639,439	\$ 5,975,362	\$ 20,618,391	\$ 427,419	(44,618,267)
General revenues:					
Property taxes					39,031,525
Grants and contributions not restricted to specific programs					6,365,805
Unrestricted investment earnings					72,822
Miscellaneous					227,680
Total general revenues					<u>45,697,832</u>
Change in net position					1,079,565
Net Position at Beginning of Year, as Restated					<u>90,234,314</u>
Net Position at End of Year					<u>\$ 91,313,879</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Special Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 11,889,029	\$ 944,399	\$ 4,016,560	\$	\$ 4,774,273	\$ 21,624,261
Investments	7,281,260	1,393,757			3,835	8,678,852
Receivables, net	2,390,534	485,025		809,733	1,032,600	4,717,892
Due from other funds	1,286,761	1,708,220	105,415	1,613,645	178,685	4,892,726
Inventories					9,924	9,924
Total Assets	<u>\$ 22,847,584</u>	<u>\$ 4,531,401</u>	<u>\$ 4,121,975</u>	<u>\$ 2,423,378</u>	<u>\$ 5,999,317</u>	<u>\$ 39,923,655</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 2,120,137	\$ 170,306	\$ 331,888	\$ 9,804	\$ 254,784	\$ 2,886,919
Due to other funds	1,797,933	607,669	1,700,216	8,220	756,433	4,870,471
Unearned revenue	117,377			2,010,924	710,629	2,838,930
Total liabilities	<u>4,035,447</u>	<u>777,975</u>	<u>2,032,104</u>	<u>2,028,948</u>	<u>1,721,846</u>	<u>10,596,320</u>
Deferred Inflows of Resources:						
Advance property tax collections	14,324					14,324
Unavailable revenue - property taxes	1,985,458					1,985,458
Unavailable revenue - long-term receivable				809,733		809,733
Unavailable revenue - special assessments		451,441				451,441
Total deferred inflows of resources	<u>1,999,782</u>	<u>451,441</u>	<u>-</u>	<u>809,733</u>	<u>-</u>	<u>3,260,956</u>
Fund Balances:						
Nonspendable					12,924	12,924
Restricted					4,094,642	4,094,642
Committed		3,301,985	3,062,476		177,636	6,542,097
Assigned	921,705					921,705
Unassigned	15,890,650		(972,605)	(415,303)	(7,731)	14,495,011
Total fund balances	<u>16,812,355</u>	<u>3,301,985</u>	<u>2,089,871</u>	<u>(415,303)</u>	<u>4,277,471</u>	<u>26,066,379</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 22,847,584</u>	<u>\$ 4,531,401</u>	<u>\$ 4,121,975</u>	<u>\$ 2,423,378</u>	<u>\$ 5,999,317</u>	<u>\$ 39,923,655</u>

(Continued on next page)

TOWN OF WINDSOR LOCKS, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

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)	\$ 26,066,379
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 157,734,837	
Less accumulated depreciation	<u>(60,367,890)</u>	
Net capital assets		97,366,947

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	1,551,903
Brownfield note receivable	4,000,000
Interest and lien receivable on property taxes	433,555
Assessments receivable	304,883
Interest and lien receivable on assessments	146,558
Unavailable grants receivable	809,733
Net OPEB asset	961,633
Deferred outflows related to pension	8,360,950
Deferred outflows related to OPEB	347,870

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.

2,841,942

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

Brownfield note payable	(4,000,000)
Bonds and notes payable	(21,878,645)
Bond premiums	(910,562)
Interest payable on bonds and notes	(201,259)
Compensated absences	(1,229,857)
Capital leases	(493,836)
Net pension liability	(18,221,831)
Payable to MERS	(10,230)
Deferred inflows related to pension	(2,488,395)
Deferred inflows related to OPEB	(2,185,598)
Heart and hypertension	(368,500)
Deferred charge on refunding	<u>110,239</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 91,313,879</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General	Sewer Administration	Capital Projects	Special Grants	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 38,549,428	\$	\$	\$	\$ 213,160	\$ 38,762,588
Intergovernmental	16,117,954			349,973	4,346,651	20,814,578
Charges for services	790,802	2,531,989			2,684,889	6,007,680
Contributions				66,677	1,849	68,526
Income on investments	57,227	8,113	3,766		577	69,683
Other revenues	228,661	32	128		65,104	293,925
Total revenues	<u>55,744,072</u>	<u>2,540,134</u>	<u>3,894</u>	<u>416,650</u>	<u>7,312,230</u>	<u>66,016,980</u>
Expenditures:						
Current:						
General government	2,170,806			309,302	68,396	2,548,504
Public safety	5,310,033			140,941	534,987	5,985,961
Public works	2,712,905	1,598,722		461,457	167,045	4,940,129
Health and welfare	477,274			17,231	34,057	528,562
Recreation	695,042				118,074	813,116
Employee benefits and insurance	3,365,854					3,365,854
Education	35,213,877				6,019,802	41,233,679
Capital outlay			1,895,871			1,895,871
Debt service	3,145,153	91,339	971			3,237,463
Total expenditures	<u>53,090,944</u>	<u>1,690,061</u>	<u>1,896,842</u>	<u>928,931</u>	<u>6,942,361</u>	<u>64,549,139</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,653,128</u>	<u>850,073</u>	<u>(1,892,948)</u>	<u>(512,281)</u>	<u>369,869</u>	<u>1,467,841</u>
Other Financing Sources (Uses):						
Brownfield note proceeds				200,001		200,001
Transfers in	885,233		2,435,984			3,321,217
Transfers out	(2,006,759)	(979,882)			(334,576)	(3,321,217)
Total other financing sources (uses)	<u>(1,121,526)</u>	<u>(979,882)</u>	<u>2,435,984</u>	<u>200,001</u>	<u>(334,576)</u>	<u>200,001</u>
Net Change in Fund Balances	1,531,602	(129,809)	543,036	(312,280)	35,293	1,667,842
Fund Balances at Beginning of Year, as Restated	<u>15,280,753</u>	<u>3,431,794</u>	<u>1,546,835</u>	<u>(103,023)</u>	<u>4,242,178</u>	<u>24,398,537</u>
Fund Balances at End of Year	<u>\$ 16,812,355</u>	<u>\$ 3,301,985</u>	<u>\$ 2,089,871</u>	<u>\$ (415,303)</u>	<u>\$ 4,277,471</u>	<u>\$ 26,066,379</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, 2021

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)	\$ 1,667,842
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	3,163,155
Depreciation expense	(3,060,751)

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.	(6,354)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Brownfield note receivable - accrual basis change	200,001
Property tax receivable - accrual basis change	189,383
Property tax interest and lien receivable - accrual basis change	79,554
Sewer use receivable - accrual basis change	(11,308)
Net OPEB asset	812,705
Sewer use interest and lien receivable - accrual change	(523)
Unavailable grants receivable - accrual basis change	365,962
Change in deferred outflows related to pensions	(460,053)
Change in deferred outflows related to OPEB	16,671

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

Brownfield note proceeds	(200,001)
Bond and note principal payments	2,080,221
Capital lease payments	366,104

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

Compensated absences	117,301
Change in deferred inflows related to pensions	(891,344)
Change in deferred inflows related to OPEB	(582,740)
Accrued interest	29,276
Amortization of bond premiums	460,105
Amortization of payable to MERS	12,117
Amortization of deferred charge on refunding	(26,565)
Heart and hypertension claims	(275,000)
Net pension liability	(1,807,738)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

(1,158,455)

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 1,079,565</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2021

	Governmental Activities Internal Service Fund
Assets:	
Current:	
Cash and cash equivalents	\$ 2,258,794
Accounts receivable	1,025,060
Due from other funds	<u>77,779</u>
Total assets	<u>3,361,633</u>
Liabilities:	
Accounts payable	127,657
Claims payable	359,300
Due to other funds	<u>32,734</u>
Total liabilities	<u>519,691</u>
Net Position:	
Unrestricted	\$ <u><u>2,841,942</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities Internal Service Fund
Operating Revenues:	
Premiums	\$ <u>4,081,733</u>
Operating Expenses:	
Claims	5,046,993
Administration	<u>196,334</u>
Total operating expenses	<u>5,243,327</u>
Operating Loss	(1,161,594)
Nonoperating Revenue:	
Income on investments	<u>3,139</u>
Change in Net Position	(1,158,455)
Net Position at Beginning of Year	<u>4,000,397</u>
Net Position at End of Year	\$ <u><u>2,841,942</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, 2021**

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 3,188,858
Cash payments to providers of benefits and administration	(5,073,909)
Net cash provided by (used in) operating activities	<u>(1,885,051)</u>
Cash Flows from Investing Activities:	
Income on investments	<u>3,139</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,881,912)
Cash and Cash Equivalents at Beginning of Year	<u>4,140,706</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,258,794</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ (1,161,594)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in due from other funds	28,795
(Increase) decrease in accounts receivable	(921,670)
Increase (decrease) in claims and accounts payable	47,020
Increase (decrease) in due to other funds	<u>122,398</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (1,885,051)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021

	<u>OPEB</u> <u>Trust Fund</u>	<u>Custodial</u> <u>Fund</u> <u>C-Pace</u> <u>Program</u>
Assets:		
Cash and cash equivalents	\$	\$
Investments	4,782,668	
Accounts receivable	<u>2,927</u>	
Total assets	<u>4,785,595</u>	<u>-</u>
Liabilities:		
Accounts and other payables	5,769	
Due to other funds	<u>67,300</u>	
Total liabilities	<u>73,069</u>	<u>-</u>
Net Position:		
Fiduciary deposits		
Restricted for OPEB benefits	<u>4,712,526</u>	
Total Net Position	\$ <u><u>4,712,526</u></u>	\$ <u><u>-</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>OPEB Trust Fund</u>	<u>Custodial Fund C-Pace Program</u>
Additions:		
Contributions:		
Employer	\$ 94,779	\$
Employee		
Other income		33,330
Total contributions	<u>94,779</u>	<u>33,330</u>
Investment income:		
Net change in fair value of investments	<u>1,077,914</u>	
Total additions	1,172,693	33,330
Deductions:		
Benefits	<u>236,448</u>	<u>33,330</u>
Change in Net Position	936,245	
Net Position - Beginning of Year	<u>3,776,281</u>	
Net Position - End of Year	<u>\$ 4,712,526</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Windsor Locks was incorporated in 1854, under the General Statutes of the State of Connecticut. The Town adopted a Town Charter effective January 5, 1981, which was last revised on January 1, 2003. The form of government includes a Board of Selectmen consisting of a First Selectman, who is the chief administrative and executive official of the Town, and two other members. The Board of Selectmen and the Town Meeting have the legislative power of the Town, and may enact ordinances consistent with the General Statutes of the State of Connecticut and specific provisions of the Town Charter. The Board of Education, which is not a separate legal entity, is responsible for the operation of the public school system.

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

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established a postretirement health care benefits (OPEB) plan to provide post-retirement health care benefits primary to employees and their beneficiaries. The Town performs the duties of a governing board for the OPEB plan and is required to make contributions to OPEB plan.

The financial statements of the fiduciary component unit are reported as an OPEB Trust fund in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, including fiduciary component units, 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 and fiduciary 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

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

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 fiduciary activities of the Windsor Locks other postemployment benefits for town retirees and their beneficiaries.

The Custodial Fund accounts fiduciary activities related to the State of Connecticut's C-PACE Program

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 \$166,509 has been established as an allowance for uncollectible taxes. At June 30, 2021, this represents 9.2% of all property taxes receivable.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

In the fund financial statements, all property taxes receivable at June 30, 2021, which have not been collected within 60 days of June 30, have been recorded as deferred inflows 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 acquisition market value at the date of donation.

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

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

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

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

G. Deferred Outflows/Inflows of Resources

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

refunding debt. The Town reports deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, differences between expected and actual earnings on plan investments, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees), or 5 years for the differences between expected and actual earnings on plan investments.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections and deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, differences between expected and actual earnings on plan investments, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees), or 5 years for the differences between expected and actual earnings on plan investments. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

H. Compensated Absences

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

I. Net Pension Liability

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

J. Net Other Postemployment Benefits Other than Pensions (OPEB) Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. Long-Term Obligations

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

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

L. Fund Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Assigned Fund Balance

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

Unassigned Fund Balance

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

M. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses and during the reporting period. Actual results could differ from those estimates.

N. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through February 24, 2022, which is the date when the financial statements were available to be issued.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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The Board of Education, which is not a separate legal entity but a department of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval (in excess of \$10,000 in the aggregate for the year). During the year ended June 30, 2021, the Town approved additional appropriations of \$2,350 from other anticipated revenues, and \$1,280,000 from fund balance.

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

B. Fund Deficits

The Commission on Needs of the Aging fund, a nonmajor special revenue fund, had a fund deficit of \$7,731, which will be financed by charges for services. The deficit of \$415,303 in the Special Grants fund is due to timing of receipts from the State of Connecticut.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

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*, \$8,509,594 of the Town’s bank balance of \$16,607,867 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,608,634
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>900,960</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 8,509,594</u></u>

Cash Equivalents

At June 30, 2021, the Town’s cash equivalents amounted to \$15,721,514. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

*Not rated

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Investments

As of June 30, 2021, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Corporate bonds	Aa3	\$ 504,805	\$	504,805	\$
Corporate bonds	A1	532,630		532,630	
U.S. Government Agencies	Aaa	259,686		259,686	
Certificates of deposit	*	7,381,731	<u>1,918,803</u>	<u>5,462,928</u>	
Other investments:			\$ <u>1,918,803</u>	\$ <u>6,760,049</u>	\$ <u>-</u>
Mutual funds	n/a	<u>4,782,668</u>			
Total Investments		\$ <u>13,461,520</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, 2021, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent, that were not in the Town's name.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Corporate bonds	\$ 1,037,435	\$ 1,037,435	\$	\$
U.S. Government Agencies	259,686	259,686		
Mutual funds	<u>4,782,668</u>	<u>4,782,668</u>		
Total investments by fair value level	<u>6,079,789</u>	<u>\$ 6,079,789</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments measured at fair value	6,079,789			
Certificates of deposit	<u>7,381,731</u>			
Total Investments	<u>\$ 13,461,520</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Certificates of deposit are measured at amortized cost.

4. RECEIVABLES

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

	<u>General</u>	<u>Sewer Administration</u>	<u>Special Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 2,250,898	\$	\$	\$	\$ 2,250,898
Accounts	104,096	3,736		1,346,795	1,454,627
Sewer use		485,789			485,789
Intergovernmental	<u>202,049</u>		<u>809,733</u>	<u>713,792</u>	<u>1,725,574</u>
Gross receivables	2,557,043	489,525	809,733	2,060,587	5,916,888
Less allowance for uncollectibles	<u>(166,509)</u>	<u>(4,500)</u>			<u>(171,009)</u>
Net Total Receivables	<u>\$ 2,390,534</u>	<u>\$ 485,025</u>	<u>\$ 809,733</u>	<u>\$ 2,060,587</u>	<u>\$ 5,745,879</u>

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

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

As of June 30, 2021, the Town has recorded a Brownfield note receivable and a Brownfield note payable in the Statement of Net position for the Governmental Activities of \$4,000,000.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 5,685,564	\$ -	\$ 222,071	\$ -	\$ 5,907,635
Construction in progress	16,916,523	(3,016,385)	1,723,189	-	15,623,327
Total capital assets not being depreciated	<u>22,602,087</u>	<u>(3,016,385)</u>	<u>1,945,260</u>	<u>-</u>	<u>21,530,962</u>
Capital assets being depreciated:					
Buildings	15,274,217	-	-	-	15,274,217
Building improvements	48,355,750	-	128,652	-	48,484,402
Land improvements	3,040,215	-	26,258	-	3,066,473
Machinery and equipment	17,019,880	396,597	573,857	-	17,990,334
Vehicles	6,900,618	-	293,458	(63,548)	7,130,528
Furniture and fixtures	701,119	1,072,971	195,670	-	1,969,760
Infrastructure	40,741,344	1,546,817	-	-	42,288,161
Total capital assets being depreciated	<u>132,033,143</u>	<u>3,016,385</u>	<u>1,217,895</u>	<u>(63,548)</u>	<u>136,203,875</u>
Less accumulated depreciation for:					
Buildings	(8,442,818)	-	(204,882)	-	(8,647,700)
Building improvements	(14,223,486)	-	(982,103)	-	(15,205,589)
Land improvements	(1,403,388)	-	(94,863)	-	(1,498,251)
Machinery and equipment	(11,239,089)	-	(681,961)	-	(11,921,050)
Vehicles	(3,771,948)	-	(421,420)	57,194	(4,136,174)
Furniture and fixtures	(213,566)	-	(97,037)	-	(310,603)
Infrastructure	(18,070,038)	-	(578,485)	-	(18,648,523)
Total accumulated depreciation	<u>(57,364,333)</u>	<u>-</u>	<u>(3,060,751)</u>	<u>57,194</u>	<u>(60,367,890)</u>
Total capital assets being depreciated, net	<u>74,668,810</u>	<u>3,016,385</u>	<u>(1,842,856)</u>	<u>(6,354)</u>	<u>75,835,985</u>
Governmental Activities Capital Assets, Net	<u>\$ 97,270,897</u>	<u>\$ -</u>	<u>\$ 102,404</u>	<u>\$ (6,354)</u>	<u>\$ 97,366,947</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

Depreciation expense was charged to functions/programs as follows:

General government	\$	215,793
Public safety		394,886
Public works		1,202,738
Recreation		59,320
Education		<u>1,188,014</u>
Total	\$	<u><u>3,060,751</u></u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2021 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 216
	Sewer Administration Fund	607,669
	OPEB Trust Fund	1,240
	Internal Service Funds	32,734
	Nonmajor Governmental Funds	<u>644,902</u>
		<u>1,286,761</u>
Sewer Administration Fund	Capital Projects Fund	1,700,000
	Special Grants Fund	<u>8,220</u>
		<u>1,708,220</u>
Capital Projects Fund	General Fund	5,603
	Nonmajor Governmental Funds	<u>99,812</u>
		<u>105,415</u>
Special Grants Fund	General Fund	<u>1,613,645</u>
Nonmajor Governmental Funds	General Fund	<u>178,685</u>
Internal Service Fund	Nonmajor Governmental Funds	11,719
	OPEB Trust Fund	<u>66,060</u>
		<u>77,779</u>
		<u><u>\$ 4,970,505</u></u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total Transfers Out</u>
Transfers out:			
General Fund	\$	\$ 2,006,759	\$ 2,006,759
Sewer Administration Fund	682,882	297,000	979,882
Nonmajor Governmental	<u>202,351</u>	<u>132,225</u>	<u>334,576</u>
Total Transfers In	<u>\$ 885,233</u>	<u>\$ 2,435,984</u>	<u>\$ 3,321,217</u>

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

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 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	\$ 23,765,000	\$	\$ 1,980,000	\$ 21,785,000	\$ 1,980,000
Direct borrowings:					
Clean water notes	193,866		100,221	93,645	93,645
Bond premiums	<u>1,370,667</u>		<u>460,105</u>	<u>910,562</u>	
Total	25,329,533	-	2,540,326	22,789,207	2,073,645
Capital leases	859,940		366,104	493,836	235,657
Brownfield note payable	3,799,999	200,001		4,000,000	
Net pension liability	16,414,093	1,807,738		18,221,831	
MERS prior service costs	22,347		12,117	10,230	10,230
Compensated absences	1,347,158		117,301	1,229,857	92,507
Heart and hypertension claims	<u>93,500</u>	<u>275,000</u>		<u>368,500</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 47,866,570</u>	<u>\$ 2,282,739</u>	<u>\$ 3,035,848</u>	<u>\$ 47,113,461</u>	<u>\$ 2,412,039</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

The following is a summary of bond and note issues at June 30, 2021:

<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, 2021</u>
Bonds/notes:					
Town:					
Refunding bond	7/1/2014	8/1/2024	2.0-3.0	\$ 3,400,000	\$ 888,079
General obligation	3/16/2016	3/15/2036	2.0-4.0	2,941,500	2,202,275
General obligation	3/13/2018	3/15/2038	3.0-4.0	1,841,000	1,489,611
New Issue	3/6/2020	10/1/2039	2.0-4.0	3,992,000	3,676,916
Schools:					
Refunding bond	7/1/2014	8/1/2024	2.0-3.0	3,185,000	831,921
General obligation	3/16/2016	3/15/2036	2.0-4.0	6,608,500	4,947,725
General obligation	3/13/2018	3/15/2038	3.0-4.0	1,419,000	1,148,157
New Issue	3/6/2020	10/1/2039	2.0-4.0	1,078,000	992,915
Sewer:					
Clean water loan	5/31/2003	5/31/2022	2.0	1,715,669	93,645
General obligation	3/13/2018	3/15/2038	3.0-4.0	4,625,000	3,742,232
New Issue	3/6/2020	10/1/2039	2.0-4.0	2,025,000	1,865,169
					<u>\$ 21,878,645</u>

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

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Direct Borrowings</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,980,000	\$ 686,106	\$ 93,645	\$ 939	\$ 2,073,645	\$ 687,045
2023	1,990,000	614,006			1,990,000	614,006
2024	1,995,000	538,706			1,995,000	538,706
2025	1,995,000	468,531			1,995,000	468,531
2026	1,575,000	404,756			1,575,000	404,756
2027-2031	6,375,000	1,364,555			6,375,000	1,364,555
2032-2036	4,875,000	561,061			4,875,000	561,061
2037-2040	1,000,000	45,917			1,000,000	45,917
Total	<u>\$ 21,785,000</u>	<u>\$ 4,683,638</u>	<u>\$ 93,645</u>	<u>\$ 939</u>	<u>\$ 21,878,645</u>	<u>\$ 4,684,577</u>

Capital Projects

As of June 30, 2021, the Town had authorized unissued bonds of \$8,140,000 available to fund capital projects.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Debt Limit

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

<u>Category</u>	<u>Debt Limitation</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 86,972,470	\$ 10,331,881	\$ 76,640,589
Schools	173,944,940	11,985,718	161,959,222
Sewers	144,954,116	5,701,046	139,253,070
Urban renewal	125,626,901		125,626,901
Pension deficit	115,963,293		115,963,293

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$270.6 million.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

Capital Leases

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

The assets acquired through capital leases are as follows:

	<u>Amount</u>
Asset:	
Equipment	\$ 2,348,633
Less accumulated depreciation	<u>605,582</u>
Total	<u>\$ 1,743,051</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, 2021:

<u>Year Ending June 30</u>	
2022	\$ 244,645
2023	145,066
2024	120,342
Total minimum lease payments	510,053
Less amount representing interest	<u>(16,217)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 493,836</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Brownfield Note Payable

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

8. FUND BALANCE

The components of fund balance for governmental funds at June 30, 2021 are as follows:

	<u>General Fund</u>	<u>Sewer Administration Fund</u>	<u>Capital Projects Fund</u>	<u>Special Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Endowment	\$	\$	\$	\$	\$ 3,000	\$ 3,000
Inventories					9,924	9,924
Restricted for:						
Highway projects					1,214,391	1,214,391
Grants					2,543,302	2,543,302
Student activities					216,524	216,524
TIF district					120,425	120,425
Committed to:						
Sewer use		3,301,985				3,301,985
Capital projects			3,062,476			3,062,476
Public safety					66,942	66,942
Health and welfare					24,624	24,624
Recreation					86,070	86,070
Assigned to:						
Education - encumbrances	921,705					921,705
Unassigned	<u>15,890,650</u>		<u>(972,605)</u>	<u>(415,303)</u>	<u>(7,731)</u>	<u>14,495,011</u>
Total Fund Balances	<u>\$ 16,812,355</u>	<u>\$ 3,301,985</u>	<u>\$ 2,089,871</u>	<u>\$ (415,303)</u>	<u>\$ 4,277,471</u>	<u>\$ 26,066,379</u>

Encumbrances of \$921,705 are contained in the above table in the assigned category of the General Fund.

9. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; public official liabilities; police liability; heart and hypertension claims; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town purchases commercial insurance for all risks of loss except medical insurance. The Town established an internal service fund, the medical insurance fund, to account for and finance the retained risk of loss for the Town's medical benefits claims. There has not been a significant reduction in coverage in the fiscal year July 1, 2020 to June 30, 2021.

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

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

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

Medical Insurance Fund	Balance July 1	Current Year Claims And Changes In Estimates	Claims Payments	Balance June 30
2019-2020	\$ 660,000	\$ 4,496,454	\$ 4,840,454	\$ 316,000
2020-2021	316,000	5,046,993	5,003,693	359,300

The Town has Connecticut Interlocal Risk Management Agency (CIRMA) for workers compensation coverage. The policy 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. Settled claims have not exceeded the funds coverage and the commercial coverage has not been exceeded in any of the past three fiscal years.

Heart and Hypertension cases are estimated and negotiated by legal counsel. An analysis of claim activity is as follows:

Heart And Hypertension	Balance July 1	Current Year Claims And Changes In Estimates	Claims Payments	Balance June 30
2019-2020	\$ 102,500	\$ -	\$ 9,000	\$ 93,500
2020-2021	93,500	275,000	-	368,500

10. PENSION PLANS

Municipal Employees' Retirement System

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

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

Early Retirement

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

Disability Retirement - Service Connected

This applies to employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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Disability Retirement - Non-Service Connected

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

Pre-Retirement Death Benefit

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

C. Contributions

Member

Contributions for members not covered by social security are 6% of compensation; for members covered by social security, 3¼% of compensation up to the social security taxable wage base plus 6%, if any, in excess of such base.

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member.

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

At June 30, 2021, the Town reports a liability of \$18,221,831 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2020. The actuarial assumptions used in the June 30, 2020 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2021, the Town's proportion was 1.64%. The increase in proportion from the prior year was 0.06%.

For the year ended June 30, 2021, the Town recognized pension expense of \$5,019,038. At June 30, 2021, the Town reported deferred outflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 1,940,120	\$
Change in proportionate share	690,092	158,202
Change of assumptions	2,983,821	
Net difference between projected and actual actuarial experience	825,650	2,330,193
Town contributions subsequent to the measurement date	<u>1,921,267</u>	
Total	<u>\$ 8,360,950</u>	<u>\$ 2,488,395</u>

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

<u>Year Ending June 30</u>		
2022	\$	1,675,724
2023		1,966,579
2024		108,732
2025		200,253

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on:

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	20.0%	5.3%
Developed market international	11.0%	5.1%
Emerging market international	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond fund	5.0%	1.3%
Emerging market debt	5.0%	2.9%
High yield bond	6.0%	3.4%
Real estate	10.0%	4.7%
Private equity	10.0%	7.3%
Alternative investments	7.0%	3.2%
Liquidity fund	1.0%	0.9%
Total	<u>100.0%</u>	

F. Discount Rate

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

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town’s Proportionate Share of the Net Pension Liability (Asset) \$	25,967,982 \$	18,221,831 \$	11,731,964

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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H. Payable to MERS

The Town has also recorded \$10,230 as a long-term payable to MERS at June 30, 2021. This amount represents prior service costs calculated when the Town entered the plan.

Connecticut Teachers' Retirement System - Pension

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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For the year ended June 30, 2021, the amount of “on-behalf” contributions made by the State was \$4,660,559 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

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

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

At June 30, 2021, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town’s proportionate share of the net pension liability	\$ -
State’s proportionate share of the net pension liability associated with the Town	<u>72,660,346</u>
Total	<u>\$ 72,660,346</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2021, the Town recognized pension expense and revenue of \$10,408,250 in Exhibit II.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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Cost-of-Living Allowance

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

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

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

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>
Domestic Equity Fund	5.60	20.00
Developed Market Intl. Stock Fund	6.00	11.00
Emerging Market Intl. Stock Fund	7.90	9.00
Core Fixed Income Fund	2.10	16.00
Inflation Linked Bond Fund	1.10	5.00
Emerging Market Debt Fund	2.70	5.00
High Yield Bond Fund	4.00	6.00
Real Estate Fund	4.50	10.00
Private Equity	7.30	10.00
Alternative Investments	2.90	7.00
Liquidity Fund	0.40	1.00
Total		<u>100.00</u>

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

H. Other Information

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

11. POSTEMPLOYMENT HEALTHCARE PLAN

Retiree Health Plan

A. Summary of Significant Accounting Policies

Basis of Accounting

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

B. Plan Description

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

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

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

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

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

C. Funding Policy

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

Town Employees

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

Board of Education Employees

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

Employer Contribution

The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

D. Investments

Investment Policy

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

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 28.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

The Town's net OPEB liability (asset) was measured as of June 30, 2021. The components of the net OPEB liability of the Town at June 30, 2021 were as follows:

Total OPEB liability	\$ 3,750,893
Plan fiduciary net position	<u>4,712,526</u>
Net OPEB Liability (Asset)	<u>\$ (961,633)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	125.64%

Actuarial Assumptions

The total OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2019, rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed as of June 30, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the OPEB plan's target asset allocation. The information below is based on arithmetic means. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2021 are summarized in the following table:

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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Discount Rate

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

F. Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances as of July 1, 2020	\$ 3,627,353	\$ 3,776,281	\$ (148,928)
Changes for the year:			
Service cost	128,366		128,366
Interest on total OPEB liability	236,558		236,558
Differences between expected and actual experience	(4,936)		(4,936)
Changes in assumptions			-
Employer contributions		94,779	(94,779)
Net investment income (loss)		1,077,914	(1,077,914)
Benefit payments	(236,448)	(236,448)	-
Net changes	<u>123,540</u>	<u>936,245</u>	<u>(812,705)</u>
Balances as of June 30, 2021	<u>\$ 3,750,893</u>	<u>\$ 4,712,526</u>	<u>\$ (961,633)</u>

G. Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability (Asset)	\$ (626,177)	\$ (961,633)	\$ (1,259,002)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
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H. Sensitivity of The Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease (5.50% Decreasing to 3.60%)	Healthcare Cost Trend Rates (6.5% Decreasing to 4.60%)	1% Increase (7.50% Decreasing to 5.60%)
Net OPEB Liability (Asset)	\$ (1,373,730)	\$ (961,633)	\$ (478,477)

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$(151,857). At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 161,122	\$ 1,611,379
Changes in assumptions	186,748	
Differences between projected and actual earnings on OPEB plan investments		574,219
Total	<u>\$ 347,870</u>	<u>\$ 2,185,598</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30

2022	\$ (275,856)
2023	(268,058)
2024	(281,127)
2025	(306,802)
2026	(139,406)
Thereafter	(566,479)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Teachers Retirement Plan - OPEB

A. Plan Description

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

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

B. Benefit Provisions

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

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

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

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

Survivor Health Care Coverage

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

C. Eligibility

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

Credited Service

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

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

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

Employer (School Districts)

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

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$112,475 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Employees/Retirees

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

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

At June 30, 2021, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>10,837,293</u>
Total	\$	<u><u>10,837,293</u></u>

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

For the year ended June 30, 2021, the Town recognized OPEB expense and revenue of \$500,601 in Exhibit II.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	5.125% for 2020, decreasing to an ultimate Rate of 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Investment rate of return	2.21%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2021

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%; employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. Annual State contributions were assumed to be equal to the most recent five-year average of State contributions to the fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

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

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

13. GASB 84 - RESTATEMENT

The Town previously reported the activities of the Student Activity Agency Fund, Performance Bonds Agency Fund, and the C-Pace Clean Energy Agency Fund as fiduciary funds. As a result of implementation of GASB No. 84, *Fiduciary Activities*, as of July 1, 2020, the Town made the following reporting changes: The activities of the Performance Bonds are reported with the general fund activities, and the Student Activity Fund is reported as a special revenue fund and the C-Pace Energy Fund as a custodial fund. Accordingly, the Town increased the beginning assets and liabilities of the General Fund by \$112,455, and thus no effect to the beginning fund balance. The Town created a new special revenue fund for the Student Activity Agency Fund, thus increasing assets and fund balance of \$219,732. In addition, the Town restated the Special Grants fund for \$443,771 to properly account for state grants not received in the prior year within their 60 day policy for revenue recognition. Accordingly, the Town restated beginning balances of the assets, liabilities, fund balance and net position as follows:

Governmental Funds:	Governmental Activities Net Position	Special Grants	Nonmajor Governmental Funds Fund Balance
Balance as previously reported June 30, 2020	\$ 90,014,582	\$ 340,748	\$ 4,022,446
Adjustment:			
Grants not received within 60 days		(443,771)	
Student Activity Fund now reported as a Special Revenue Fund	<u>219,732</u>		<u>219,732</u>
Balance as Restated July 1, 2020	<u>\$ 90,234,314</u>	<u>\$ (103,023)</u>	<u>\$ 4,242,178</u>

Fiduciary Funds:	Agency Funds
Balance as previously reported June 30, 2020	\$ 332,187
Adjustments:	
Student Activity Fund now reported as a Special Revenue Fund	(219,732)
Performance Bond Fund now reported in the General Fund	(112,455)
C-Pace Clean Energy Fund now reported as a Custodial Fund	<u>-</u>
Balance as Restated July 1, 2020	<u>\$ -</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property Taxes:				
Current taxes	\$ 34,632,933	\$ 34,632,933	\$ 35,494,973	\$ 862,040
Supplemental taxes	1,200,000	1,200,000	1,289,354	89,354
Prior year taxes	875,000	875,000	1,147,407	272,407
Interest and lien fees	210,000	210,000	540,139	330,139
Telephone access line	30,000	30,000	38,499	8,499
Housing authority in lieu of tax	38,000	38,000	39,056	1,056
Total property taxes	<u>36,985,933</u>	<u>36,985,933</u>	<u>38,549,428</u>	<u>1,563,495</u>
Intergovernmental:				
General government:				
In lieu of tax, State Property	45,282	45,282	58,031	12,749
In lieu of tax, Airport	3,319,685	3,319,685	3,319,686	1
Totally Disabled Grants	400	400	559	159
Capital improvement program	236,000	236,000		(236,000)
Veterans' Exemptions	5,000	5,000	6,380	1,380
Office of Emergency Management	6,200	6,200		(6,200)
Off Track Betting/Teletheater	300,000	300,000	266,819	(33,181)
Mashantucket Pequot/Mohegan Grant	387,713	387,713	470,611	82,898
Municipal Revenue Sharing	2,360,422	2,360,422	2,360,422	-
Senior Center Transportation Grant	14,368	14,368		-
State Shared Tax Revenue	150,116	150,116	150,116	-
Youth Services	14,000	14,000	14,189	189
Total general government	<u>6,839,186</u>	<u>6,839,186</u>	<u>6,661,181</u>	<u>(178,005)</u>
Education:				
Educational Cost Sharing	4,645,346	4,645,346	4,683,739	38,393
Total education	<u>4,645,346</u>	<u>4,645,346</u>	<u>4,683,739</u>	<u>38,393</u>
Total intergovernmental	<u>11,484,532</u>	<u>11,484,532</u>	<u>11,344,920</u>	<u>(139,612)</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, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Charges for Services:				
Conveyance tax	\$ 110,000	\$ 110,000	\$ 176,212	\$ 66,212
Town Clerk's Office	90,000	90,000	118,549	28,549
Building permits	310,000	310,000	235,493	(74,507)
Blight fees	3,000	3,000	11,061	8,061
Zoning Board of Appeals	500	500	1,801	1,301
Planning and Zoning	3,500	3,500	9,577	6,077
Other licenses and permits	10,000	10,000	16,000	6,000
Trash haulers permits	6,000	6,000	7,200	1,200
Assessors office			145	145
Inland Wetland fees	1,000	1,000		(1,000)
Fire Marshall application fees	40,000	40,000	16,022	(23,978)
Tobacco valley probate cost share	16,950	16,950	16,248	(702)
Superior Court	10,000	10,000	2,770	(7,230)
Parking tickets	4,000	4,000	1,175	(2,825)
Airplane registration fees	50,000	50,000	57,700	7,700
Police accident reports	2,200	2,200	1,375	(825)
Senior Citizen Mini-bus fee	3,800	3,800	1,860	(1,940)
Rent from schools	2,500	2,500		(2,500)
Tower rental	120,000	120,000	117,614	(2,386)
Total charges for services	<u>783,450</u>	<u>783,450</u>	<u>790,802</u>	<u>7,352</u>
Investment Income:				
Income on investments	<u>150,000</u>	<u>150,000</u>	<u>57,227</u>	<u>(92,773)</u>
Other Revenues:				
Miscellaneous receipts	30,000	30,000	42,649	12,649
Recycling program	2,000	2,000	3,516	1,516
Foreign Trade Zone	1,500	1,500	1,667	167
Workers' Compensation	50,000	50,000	180,829	130,829
Total other revenues	<u>83,500</u>	<u>83,500</u>	<u>228,661</u>	<u>145,161</u>
Total revenues	<u>49,487,415</u>	<u>49,487,415</u>	<u>50,971,038</u>	<u>1,483,623</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, 2021**

	<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	\$ 682,484	\$ 682,484	\$ 682,882	\$ 398
Highway	150,000	150,000	150,000	-
TIF		2,350	2,350	-
Police reimbursement	50,000	50,000	50,000	-
James DeForest Phelps fund	3	3	1	(2)
Total other financing sources	<u>882,487</u>	<u>884,837</u>	<u>885,233</u>	<u>396</u>
Total	\$ <u>50,369,902</u>	\$ <u>50,372,252</u>	51,856,271	\$ <u>1,484,019</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut pension on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			4,660,559	
State of Connecticut OPEB on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			<u>112,475</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>56,629,305</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, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Assessor	\$ 222,923	\$ 202,923	\$ 192,462	\$ 10,461
Auditing Services	31,000	32,400	32,400	-
Board of Assessment Appeals	1,171	1,171	1,011	160
Board of Finance	61,195	10,750	8,930	1,820
Board of Selectmen	178,036	178,036	173,630	4,406
Building Official	288,441	284,546	282,243	2,303
Capital Improvement Advisory Commission	444	444		444
Conservation Commission	3,065	3,065	1,492	1,573
Contingency Fund	170,000	4,541		4,541
Economic Development Commission	11,523	11,523	9,197	2,326
Finance Department	274,056	275,356	274,027	1,329
General expense all buildings	43,100	27,682	23,176	4,506
Historical Commission	1,810	1,810	1,487	323
Holiday observance	3,300	3,300	2,794	506
Human Resource	67,053	67,053	66,498	555
Information Technologies	162,345	182,645	180,898	1,747
Inland/Wetlands Agency	4,088	4,088	476	3,612
Municipal associations	21,930	17,583	17,183	400
Planning and Zoning Commission	10,249	10,249	9,073	1,176
Probate Court	22,600	22,600	21,148	1,452
Registrar of Voters	54,845	56,143	56,143	-
Tax Collector	247,804	328,171	319,649	8,522
Town Clerk	149,939	133,834	128,215	5,619
Town Counsel	61,000	70,000	61,650	8,350
Town Engineer	55,000	55,000	36,968	18,032
Town Office Building	171,375	171,375	161,615	9,760
Town Treasurer	200	200	200	-
Train Station	1,108	1,318	1,115	203
Zoning Board of Appeals	4,166	4,166	3,429	737
Total general government	<u>2,323,766</u>	<u>2,161,972</u>	<u>2,067,109</u>	<u>94,863</u>
Public safety:				
Ambulance Association	50,000	50,000	50,000	-
Fire Commission	379,401	374,401	363,333	11,068
Fire Marshal	84,168	80,268	57,440	22,828
Marine services	300	300		300
Nine bay garage/safety complex	2,300	2,300	1,236	1,064
Office of Emergency Management	29,983	29,983	24,465	5,518
Police	3,822,026	3,913,292	3,913,292	-
Animal control	6,445	8,095	6,332	1,763
Safety Complex	167,630	169,873	166,437	3,436
Spring Street Garage	8,623	9,246	8,829	417
Water main/street lighting	754,675	754,675	727,498	27,177
Total public safety	<u>5,305,551</u>	<u>5,392,433</u>	<u>5,318,862</u>	<u>73,571</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Landfill/refuse removal	\$ 1,085,696	\$ 1,116,343	\$ 1,114,748	\$ 1,595
Public Works Department	1,520,718	1,525,972	1,457,243	68,729
Public Works Garage	40,637	40,637	39,812	825
Snow removal	121,500	118,394	92,273	26,121
Total public works	<u>2,768,551</u>	<u>2,801,346</u>	<u>2,704,076</u>	<u>97,270</u>
Health and welfare:				
Commission on Needs of the Aging	232,371	224,656	205,954	18,702
Outside services	112,056	112,056	112,056	-
Senior Center	97,325	104,612	103,697	915
Social services	91,420	93,120	89,083	4,037
Veterans' services	1,000	1,000		1,000
Youth Service Bureau	71,537	71,537	70,181	1,356
Total health and welfare	<u>605,709</u>	<u>606,981</u>	<u>580,971</u>	<u>26,010</u>
Recreation:				
Parks and recreation	267,064	267,064	224,857	42,207
Public library	470,185	470,185	470,185	-
Total recreation	<u>737,249</u>	<u>737,249</u>	<u>695,042</u>	<u>42,207</u>
Employee benefits and insurance:				
Employee benefits	2,902,376	2,924,971	2,909,922	15,049
Insurance and bonds	500,000	494,700	455,932	38,768
Total employee benefits and insurance	<u>3,402,376</u>	<u>3,419,671</u>	<u>3,365,854</u>	<u>53,817</u>
Education	<u>31,380,684</u>	<u>31,380,684</u>	<u>31,362,548</u>	<u>18,136</u>
Debt service:				
Bond redemption	2,358,662	2,358,662	2,358,660	2
Interest	786,495	786,495	786,493	2
Total debt service	<u>3,145,157</u>	<u>3,145,157</u>	<u>3,145,153</u>	<u>4</u>
Total expenditures	<u>49,669,043</u>	<u>49,645,493</u>	<u>49,239,615</u>	<u>405,878</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, 2021**

	<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	\$ 700,859	\$ 2,006,759	\$ 2,006,759	\$ -
Total other financing uses	<u>700,859</u>	<u>2,006,759</u>	<u>2,006,759</u>	<u>-</u>
Total	\$ <u>50,369,902</u>	\$ <u>51,652,252</u>	51,246,374	\$ <u>405,878</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut pension on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted. 4,660,559

State of Connecticut OPEB on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted. 112,475

Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes, while encumbrances are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes. (921,705)

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 55,097,703

**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, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Sewer use charges and interest	\$ 2,485,834	\$ 2,485,834	\$ 2,523,299	\$ 37,465
Fees	264,000	264,000	8,690	(255,310)
Investment income	25,000	25,000	8,113	(16,887)
Miscellaneous			32	32
Total revenues	<u>2,774,834</u>	<u>2,774,834</u>	<u>2,540,134</u>	<u>(234,700)</u>
Expenditures:				
Salaries	691,585	656,488	541,337	115,151
Fringe benefits	307,106	307,106	238,507	68,599
Overtime	48,000	83,097	83,096	1
Audit and legal fees	18,070	13,508	13,100	408
Chemicals/chlorine	87,169	84,481	83,599	882
Contingency	10,000	10,000		10,000
Refunds		4,592	4,591	1
Debt service	91,402	91,402	91,339	63
Electricity	185,000	185,000	158,815	26,185
Equipment rental/hauling	7,900	7,900	4,246	3,654
Fuel, oil, natural gas	23,435	28,480	27,044	1,436
Gasoline and diesel	8,300	8,300	3,360	4,940
Insurance	49,952	51,034	51,034	-
Lab equipment	28,895	31,583	31,582	1
Mechanical maintenance	57,000	57,000	47,484	9,516
Outside services	30,115	30,115	24,607	5,508
Safety training	500	500		500
Sewer line maintenance	19,500	19,500	7,120	12,380
Sludge disposal	90,530	90,530	88,131	2,399
Supplies	53,650	53,650	36,265	17,385
Telephone	6,650	7,059	6,749	310
User fee administration	130,000	92,849	104,805	(11,956)
Vehicle parts, repairs	8,000	8,000	2,665	5,335
Water	10,000	40,585	40,585	-
Total expenditures	<u>1,962,759</u>	<u>1,962,759</u>	<u>1,690,061</u>	<u>272,698</u>
Excess of Revenues over Expenditures	812,075	812,075	850,073	37,998
Other financing sources (uses):				
Transfers out	<u>(812,075)</u>	<u>(812,075)</u>	<u>(979,882)</u>	<u>(167,807)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	(129,809)	\$ <u>(129,809)</u>
Fund Balance at Beginning of Year			<u>3,431,794</u>	
Fund Balance at End of Year			\$ <u>3,301,985</u>	

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.64%	1.59%	1.58%	2.90%	2.61%	3.06%	4.30%
Town's proportionate share of the net pension liability	\$ 18,221,831	\$ 16,414,093	\$ 15,076,544	\$ 7,198,203	\$ 8,685,833	\$ 5,898,563	\$ 4,240,461
Town's covered payroll	11,281,811	11,038,999	6,565,251	6,322,648	6,033,920	6,192,516	5,676,638
Town's proportionate share of the net pension liability as a percentage of its covered payroll	161.52%	148.69%	229.64%	113.85%	143.95%	95.25%	74.70%
Plan fiduciary net position as a percentage of the total pension liability	71.18%	72.69%	73.60%	88.29%	88.29%	92.72%	90.48%

*Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available
- The measurement date is one year earlier than the employer's reporting date.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 1,921,267	\$ 1,730,215	\$ 1,469,202	\$ 932,505	\$ 873,983	\$ 833,404	\$ 902,297	\$ 799,677	\$ 732,126	\$ 700,489	\$ 617,037
Contributions in relation to the actuarially determined contribution	1,921,267	1,730,215	1,469,202	932,505	873,983	833,404	902,297	799,677	732,126	700,489	617,037
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 11,286,022	\$ 11,281,811	\$ 11,038,999	\$ 6,565,251	\$ 6,322,648	\$ 6,033,920	\$ 6,192,516	\$ 5,676,638	\$ 5,396,456	\$ 5,325,278	\$ 5,368,347
Contributions as a percentage of covered payroll	17.02%	15.34%	13.31%	14.20%	13.82%	13.81%	14.57%	14.09%	13.57%	13.15%	11.49%

Notes to Schedule

Valuation date: June 30, 2020
Measurement date: June 30, 2020
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age
Amortization method: Level dollar, closed
Single equivalent amortization period: 21 years
Asset valuation method: 5-years smoothed market
Inflation: 2.50%
Salary increases: 3.50% - 10%, including inflation
Investment rate of return: 7.0%, net of investment-related expense
Changes in assumptions:

In 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2020 valuation. Rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2017.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>72,660,346</u>	<u>66,194,635</u>	<u>51,039,909</u>	<u>51,274,308</u>	<u>54,094,788</u>	<u>38,927,124</u>	<u>35,980,325</u>
Total	<u>\$ 72,660,346</u>	<u>\$ 66,194,635</u>	<u>\$ 51,039,909</u>	<u>\$ 51,274,308</u>	<u>\$ 54,094,788</u>	<u>\$ 38,927,124</u>	<u>\$ 35,980,325</u>
Town's covered payroll	\$ 16,539,209	\$ 16,478,513	\$ 16,314,268	\$ 15,900,319	\$ 14,366,597	\$ 13,614,238	\$ 14,344,121
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019: - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:					
Service cost	\$ 128,366	\$ 116,350	\$ 111,234	\$ 185,494	\$ 181,058
Interest	236,558	232,946	212,108	350,555	331,484
Differences between expected and actual experience	(4,936)	58,489	144,807	(2,297,960)	(91,675)
Changes of assumptions		223,010			
Benefit payments	<u>(236,448)</u>	<u>(422,626)</u>	<u>(395,635)</u>	<u>(195,090)</u>	<u>(159,517)</u>
Net change in total OPEB liability	123,540	208,169	72,514	(1,957,001)	261,350
Total OPEB liability - beginning	<u>3,627,353</u>	<u>3,419,184</u>	<u>3,346,670</u>	<u>5,303,671</u>	<u>5,042,321</u>
Total OPEB liability - ending	<u>3,750,893</u>	<u>3,627,353</u>	<u>3,419,184</u>	<u>3,346,670</u>	<u>5,303,671</u>
Plan fiduciary net position:					
Contributions - employer	94,779	118,635	475,382	317,449	787,285
Contributions - TRB subsidy			53,147	35,730	45,206
Net investment income	1,077,914	137,176	175,178	253,562	307,665
Benefit payments	<u>(236,448)</u>	<u>(422,626)</u>	<u>(395,635)</u>	<u>(195,090)</u>	<u>(159,517)</u>
Net change in plan fiduciary net position	936,245	(166,815)	308,072	411,651	980,639
Plan fiduciary net position - beginning	<u>3,776,281</u>	<u>3,943,096</u>	<u>3,635,024</u>	<u>3,223,373</u>	<u>2,242,734</u>
Plan fiduciary net position - ending	<u>4,712,526</u>	<u>3,776,281</u>	<u>3,943,096</u>	<u>3,635,024</u>	<u>3,223,373</u>
Net OPEB Liability (Asset) - Ending	<u>\$ (961,633)</u>	<u>\$ (148,928)</u>	<u>\$ (523,912)</u>	<u>\$ (288,354)</u>	<u>\$ 2,080,298</u>
Plan fiduciary net position as a percentage of the total OPEB liability	125.64%	104.11%	115.32%	108.62%	60.78%
Covered-employee payroll	\$ 24,361,939	\$ 23,744,580	\$ 24,044,881	\$ 23,435,557	\$ 24,860,113
Net OPEB liability as a percentage of covered-employee payroll	-3.95%	-0.63%	-2.18%	-1.23%	8.37%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution (1)	\$ 94,782	\$ 118,635	\$ 115,705	\$ 430,226	\$ 425,085	\$ 360,756	\$ 349,769	\$ 386,014	\$ 375,382	\$ 454,196
Contributions in relation to the actuarially determined contribution	<u>94,779</u>	<u>118,635</u>	<u>475,382</u>	<u>317,449</u>	<u>787,285</u>	<u>347,299</u>	<u>525,885</u>	<u>356,970</u>	<u>179,841</u>	<u>222,980</u>
Contribution Deficiency (Excess)	\$ <u>3</u>	\$ <u>-</u>	\$ <u>(359,677)</u>	\$ <u>112,777</u>	\$ <u>(362,200)</u>	\$ <u>13,457</u>	\$ <u>(176,116)</u>	\$ <u>29,044</u>	\$ <u>195,541</u>	\$ <u>231,216</u>
Covered-employee payroll	\$ 24,361,939	\$ 23,744,580	\$ 24,044,881	\$ 23,435,557	\$ 24,860,113	\$ 24,194,757	\$ 24,194,757	\$ 22,136,805	\$ 22,136,805	\$ 23,952,238
Contributions as a percentage of covered-employee payroll	0.39%	0.50%	1.98%	1.35%	3.17%	1.44%	2.17%	1.61%	0.81%	0.93%

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

Notes to Schedule

Valuation date: July 1, 2019

Measurement date: June 30, 2021

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level percentage of salary
Amortization period	20 years
Asset valuation method	Plan assets equal the Market Value of assets
Inflation	2.60%
Healthcare cost trend rates	6.50% in 2019 decreasing 0.20% per year to 4.60% in 2029 and beyond
Investment rate of return	7.00%, net of investment-related and administrative expenses
Retirement age	In the 2019 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019.

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

	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	28.00%	3.54%	5.22%	7.71%	13.34%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>10,837,293</u>	<u>10,323,428</u>	<u>10,203,211</u>	<u>13,197,410</u>
Total	<u>\$ 10,837,293</u>	<u>\$ 10,323,428</u>	<u>\$ 10,203,211</u>	<u>\$ 13,197,410</u>
Town's covered payroll	\$ 16,539,209	\$ 16,478,513	\$ 16,314,268	\$ 15,900,319
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2020 was updated to equal the Municipal Bond Index Rate as of June 30, 2020; Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience; Long-term health care cost trend rates were updated; The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option; and, The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below: - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment related expense including price inflation
Price inflation	2.75%

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 11,889,029	\$ 6,541,993
Investments	7,281,260	6,581,241
Property taxes receivable, net of allowance for \$166,509 in 2021 and \$124,587 in 2020	2,084,389	1,545,146
Accounts receivable	306,145	463,050
Due from other funds	<u>1,286,761</u>	<u>3,564,294</u>
Total Assets	<u>\$ 22,847,584</u>	<u>\$ 18,695,724</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 2,120,137	\$ 1,061,900
Due to other funds	1,797,933	845,994
Unearned revenue	<u>117,377</u>	<u>118,011</u>
Total liabilities	<u>4,035,447</u>	<u>2,025,905</u>
Deferred inflows of resources:		
Advance property tax collections	14,324	26,546
Unavailable revenue - property taxes	<u>1,985,458</u>	<u>1,362,520</u>
Total deferred inflows of resources	<u>1,999,782</u>	<u>1,389,066</u>
Fund balance:		
Assigned	921,705	99,268
Unassigned	<u>15,890,650</u>	<u>15,181,485</u>
Total fund balance	<u>16,812,355</u>	<u>15,280,753</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 22,847,584</u>	<u>\$ 18,695,724</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2021**

Grand List	Uncollected Taxes July 1, 2020	Current Tax Levy	Additions	Deductions	Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2021
							Taxes	Interest and Lien Fees	Total	
2004	\$ 605	\$	\$	\$ 605	\$	\$ -	\$	\$	\$ -	\$ -
2005	644					644			-	644
2006	671					671			-	671
2007	817					817			-	817
2008	3,910					3,910			-	3,910
2009	1,537					1,537			-	1,537
2010	2,740					2,740			-	2,740
2011	9,073					9,073			-	9,073
2012	10,599					10,599			-	10,599
2013	14,892					14,892		24	24	14,892
2014	27,492					27,492			-	27,492
2015	60,694		262			60,956	9,491	6,846	16,337	51,465
2016	64,791		22,317	340		86,768	48,325	32,521	80,846	38,443
2017	263,030		309,803	24,626	120,512	427,695	343,087	117,391	460,478	84,608
2018	1,208,508		329,285	154,644		1,383,149	785,288	237,999	1,023,287	597,861
Total prior years	1,670,003		661,667	180,215	120,512	2,030,943	1,186,191	394,781	1,580,972	844,752
2019		38,168,981	93,850	332,878		37,929,953	36,957,362	115,490	37,072,852	972,591
Total	\$ 1,670,003	\$ 38,168,981	\$ 755,517	\$ 513,093	\$ 120,512	\$ 39,960,896	38,143,553	510,271	38,653,824	\$ 1,817,343
							Suspense Collections	41,607	29,240	70,847
							Total	38,185,160	\$ 539,511	\$ 38,724,671
Property taxes receivable considered available:										
							June 30, 2020	(247,905)		
							June 30, 2021	98,930		
							Total Taxes	\$ 38,036,185		

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021**

	Special Revenue					
	Special Education Grants	Dog	Highway	School Cafeteria	Police Revolving	Parks and Recreation
ASSETS						
Cash and cash equivalents	\$ 2,698,008	\$ 43,161	\$ 1,218,038	\$ 68,698	\$ 20,210	\$ 169,581
Investments						
Receivables, net	588,892	1,002		125,299	255,694	22,806
Due from other funds		8,575		1		
Inventory				9,924		
Total Assets	\$ 3,286,900	\$ 52,738	\$ 1,218,038	\$ 203,922	\$ 275,904	\$ 192,387
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 107,219	\$ 7,993	\$ 3,647	\$ 110,172	\$ 8,124	\$ 6,602
Due to other funds	338,650				245,583	53,335
Unearned revenue	614,288			11,429		46,380
Total liabilities	1,060,157	7,993	3,647	121,601	253,707	106,317
Fund Balances:						
Nonspendable				9,924		
Restricted	2,226,743		1,214,391	72,397		
Committed		44,745			22,197	86,070
Unassigned						
Total fund balances	2,226,743	44,745	1,214,391	82,321	22,197	86,070
Total Liabilities and Fund Balances	\$ 3,286,900	\$ 52,738	\$ 1,218,038	\$ 203,922	\$ 275,904	\$ 192,387

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021**

	Special Revenue					Permanent Fund	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Human Services	Police Department Asset Forfeiture	Student Activities	TIF District	James DeForest Phelps	
ASSETS							
Cash and cash equivalents	\$ 4,035	\$ 31,765	\$ 244,162	\$ 216,609	\$ 60,006	\$	\$ 4,774,273
Investments						3,835	3,835
Receivables, net	236	139			38,532		1,032,600
Due from other funds					170,109		178,685
Inventory							9,924
Total Assets	\$ 4,271	\$ 31,904	\$ 244,162	\$ 216,609	\$ 268,647	\$ 3,835	\$ 5,999,317
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 150	\$ 267	\$	\$ 85	\$ 10,525	\$	\$ 254,784
Due to other funds	11,852	7,013			100,000		756,433
Unearned revenue					38,532		710,629
Total liabilities	12,002	7,280	-	85	149,057	-	1,721,846
Fund Balances:							
Nonspendable						3,000	12,924
Restricted			244,162	216,524	119,590	835	4,094,642
Committed		24,624					177,636
Unassigned	(7,731)						(7,731)
Total fund balances	(7,731)	24,624	244,162	216,524	119,590	3,835	4,277,471
Total Liabilities and Fund Balances	\$ 4,271	\$ 31,904	\$ 244,162	\$ 216,609	\$ 268,647	\$ 3,835	\$ 5,999,317

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue					
	Special Education Grants	Dog	Highway	School Cafeteria	Police Revolving	Parks and Recreation
Revenues:						
Property taxes	\$	\$	\$	\$	\$	\$
Intergovernmental	3,358,454		266,790	721,407		
Charges for services	1,976,830	5,603		10,233	356,533	126,457
Contributions						
Income from investments			570			
Other revenues				2,002		3,102
Total revenues	<u>5,335,284</u>	<u>5,603</u>	<u>267,360</u>	<u>733,642</u>	<u>356,533</u>	<u>129,559</u>
Expenditures:						
Current:						
General government						
Public safety		725			311,301	
Public works			167,045			
Health and welfare						
Recreation						118,074
Education	5,006,178			850,338		
Total expenditures	<u>5,006,178</u>	<u>725</u>	<u>167,045</u>	<u>850,338</u>	<u>311,301</u>	<u>118,074</u>
Excess (Deficiency) of Revenues over Expenditures	<u>329,106</u>	<u>4,878</u>	<u>100,315</u>	<u>(116,696)</u>	<u>45,232</u>	<u>11,485</u>
Other Financing Sources (Uses):						
Transfers in				180,000		
Transfers out	(180,000)		(150,000)		(50,000)	
Total other financing sources (uses)	<u>(180,000)</u>	<u>-</u>	<u>(150,000)</u>	<u>180,000</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balances	149,106	4,878	(49,685)	63,304	(4,768)	11,485
Fund Balances at Beginning of Year	<u>2,077,637</u>	<u>39,867</u>	<u>1,264,076</u>	<u>19,017</u>	<u>26,965</u>	<u>74,585</u>
Fund Balances at End of Year	<u>\$ 2,226,743</u>	<u>\$ 44,745</u>	<u>\$ 1,214,391</u>	<u>\$ 82,321</u>	<u>\$ 22,197</u>	<u>\$ 86,070</u>

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**TOWN OF WINDSOR LOCKS, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue					Permanent Fund	Eliminations	Total Nonmajor Governmental Funds
	Commission on Needs of the Aging	Human Services	Police Department Asset Forfeiture	Student Activities	TIF District	James DeForest Phelps		
Revenues:								
Property taxes	\$	\$	\$	\$	\$ 213,160	\$	\$	\$ 213,160
Intergovernmental								4,346,651
Charges for services	1,603	22,941	24,611	160,078				2,684,889
Contributions	1,849							1,849
Income from investments					6	1		577
Other revenues					60,000			65,104
Total revenues	<u>3,452</u>	<u>22,941</u>	<u>24,611</u>	<u>160,078</u>	<u>273,166</u>	<u>1</u>	<u>-</u>	<u>7,312,230</u>
Expenditures:								
Current:								
General government					68,396			68,396
Public safety			222,961					534,987
Public works								167,045
Health and welfare	2,432	31,625						34,057
Recreation								118,074
Education				163,286				6,019,802
Total expenditures	<u>2,432</u>	<u>31,625</u>	<u>222,961</u>	<u>163,286</u>	<u>68,396</u>	<u>-</u>	<u>-</u>	<u>6,942,361</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,020</u>	<u>(8,684)</u>	<u>(198,350)</u>	<u>(3,208)</u>	<u>204,770</u>	<u>1</u>	<u>-</u>	<u>369,869</u>
Other Financing Sources (Uses):								
Transfers in							(180,000)	-
Transfers out					(134,575)	(1)	180,000	(334,576)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134,575)</u>	<u>(1)</u>	<u>-</u>	<u>(334,576)</u>
Net Change in Fund Balances	1,020	(8,684)	(198,350)	(3,208)	70,195	-	-	35,293
Fund Balances at Beginning of Year	<u>(8,751)</u>	<u>33,308</u>	<u>442,512</u>	<u>219,732</u>	<u>49,395</u>	<u>3,835</u>	<u>-</u>	<u>4,242,178</u>
Fund Balances at End of Year	<u><u>\$ (7,731)</u></u>	<u><u>\$ 24,624</u></u>	<u><u>\$ 244,162</u></u>	<u><u>\$ 216,524</u></u>	<u><u>\$ 119,590</u></u>	<u><u>\$ 3,835</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,277,471</u></u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND - BY PROJECT
 JUNE 30, 2021**

	<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	\$ 2,623,898	\$ 657,767	\$ 734,895	\$ 4,016,560
Due from other funds	<u>105,415</u>			<u>105,415</u>
Total Assets	<u>\$ 2,729,313</u>	<u>\$ 657,767</u>	<u>\$ 734,895</u>	<u>\$ 4,121,975</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 56,031	\$ 268,357	\$ 7,500	\$ 331,888
Due to other funds	<u>74</u>	<u>142</u>	<u>1,700,000</u>	<u>1,700,216</u>
Total liabilities	<u>56,105</u>	<u>268,499</u>	<u>1,707,500</u>	<u>2,032,104</u>
Fund Balances:				
Committed	2,673,208	389,268		3,062,476
Unassigned			(972,605)	(972,605)
Total fund balances	<u>2,673,208</u>	<u>389,268</u>	<u>(972,605)</u>	<u>2,089,871</u>
Total Liabilities and Fund Balances	<u>\$ 2,729,313</u>	<u>\$ 657,767</u>	<u>\$ 734,895</u>	<u>\$ 4,121,975</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, 2021**

	<u>Capital Improvements Projects</u>	<u>Capital Projects</u>	<u>WPCA Capital Projects</u>	<u>Total Capital Projects Fund</u>
Revenues:				
Income from investments	\$ 2,039	\$ 1,072	\$ 655	\$ 3,766
Other revenue	128			128
Total revenues	<u>2,167</u>	<u>1,072</u>	<u>655</u>	<u>3,894</u>
Expenditures:				
Capital outlay	658,673	1,075,473	161,725	1,895,871
Debt service	971			971
Total expenditures	<u>659,644</u>	<u>1,075,473</u>	<u>161,725</u>	<u>1,896,842</u>
Deficiency of Revenues over Expenditures	<u>(657,477)</u>	<u>(1,074,401)</u>	<u>(161,070)</u>	<u>(1,892,948)</u>
Other Financing Sources:				
Transfers in	2,138,984		297,000	2,435,984
Total other financing sources	<u>2,138,984</u>	<u>-</u>	<u>297,000</u>	<u>2,435,984</u>
Net Change in Fund Balances	1,481,507	(1,074,401)	135,930	543,036
Fund Balances at Beginning of Year	<u>1,191,701</u>	<u>1,463,669</u>	<u>(1,108,535)</u>	<u>1,546,835</u>
Fund Balances at End of Year	<u>\$ 2,673,208</u>	<u>\$ 389,268</u>	<u>\$ (972,605)</u>	<u>\$ 2,089,871</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
SEWER ADMINISTRATION FUND
REPORT OF SEWER USE CHARGE COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2021**

List Year	Uncollected Charges July 1, 2020	Current Year Billings and Adjustments	Adjusted Charges Collectible	Collections			Uncollected Charges June 30, 2021
				Charges	Interest and Lien Fees	Total	
2007	\$ 164	\$	\$ 164	\$ 121	\$ 320	\$ 441	\$ 43
2008	317		317	127	314	441	190
2009	492		492	127	291	418	365
2010	822		822		224	224	822
2011	1,695		1,695	397	228	625	1,298
2012	4,058		4,058	1,640	2,197	3,837	2,418
2013	5,674		5,674	1,485	2,144	3,629	4,189
2014	9,033		9,033	2,653	3,391	6,044	6,380
2015	14,438		14,438	3,540	3,789	7,329	10,898
2016	28,969		28,969	10,496	9,114	19,610	18,473
2017	48,141		48,141	20,910	13,548	34,458	27,231
2018	68,399		68,399	30,136	14,680	44,816	38,263
2019	157,808		157,808	88,601	24,993	113,594	69,207
Total prior years	340,010	-	340,010	160,233	75,233	235,466	179,777
2020		2,405,243	2,405,243	2,245,789	26,893	2,272,682	159,454
Total	\$ 340,010	\$ 2,405,243	\$ 2,745,253	\$ 2,406,022	\$ 102,126	\$ 2,508,148	\$ 339,231

TOWN OF WINDSOR LOCKS, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2021

Total tax collections (including interest and lien fees) for 2020 fiscal year						\$	<u>38,654,431</u>
Base						\$	<u><u>38,654,431</u></u>
		General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	
Debt limitation:							
2-1/4 times base	\$	86,972,470	\$	\$	\$	\$	
4-1/2 times base			173,944,940				
3-3/4 times base				144,954,116			
3-1/4 times base					125,626,901		
3 times base							115,963,293
Total debt limitation		<u>86,972,470</u>	<u>173,944,940</u>	<u>144,954,116</u>	<u>125,626,901</u>		<u>115,963,293</u>
Indebtedness:							
Bonds and notes payable		8,256,881	7,920,718	5,701,046			
Bonds authorized and unissued		<u>2,075,000</u>	<u>4,065,000</u>				
Net indebtedness		<u>10,331,881</u>	<u>11,985,718</u>	<u>5,701,046</u>	<u>-</u>		<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$	<u><u>76,640,589</u></u>	\$ <u><u>161,959,222</u></u>	\$ <u><u>139,253,070</u></u>	\$ <u><u>125,626,901</u></u>	\$	<u><u>115,963,293</u></u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$270,581,017).

**TOWN OF WINDSOR LOCKS, CONNECTICUT
FOR THE YEAR ENDED JUNE 30, 2021
PRINCIPAL TAXPAYERS**

Name	Nature of Business	Taxable Valuation as of 10/1/19	Percent of Net Taxable Grand List*
EAN Holdings LLC/Camrac	Car rental	\$ 71,895,352	4.86 %
United Technologies	Manufacturing	69,626,043	4.71
PV Holdings Corp	Car rental	47,499,566	3.21
Hertz	Car rental	42,617,118	2.88
PPF WE 500 North Street	Grocery wholesaler	38,029,390	2.57
CT Light and Power/Eversource	Utility	28,339,440	1.92
Federal Express Corporation	Freight	24,787,323	1.68
American Honda Motors Co	Parts distribution center	18,464,640	1.25
Ahlstrom-Munksjo Nonwovens	Manufacturing	15,113,050	1.02
Old County Senior Living	Assisted living	<u>14,110,010</u>	<u>0.95</u>
Total		\$ <u><u>370,481,932</u></u>	<u><u>25.05 %</u></u>

* Based on 10/01/19 Net Taxable Grand List of \$ 1,479,189,040

TABLE 2

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							
2021	2019	37.4	% 24.2	% 1.3	% 20.5	% 16.6	\$ 1,644,856	\$ 165,667	\$ 1,479,189	(0.3) %
2020	2018	37.4	25.6	1.3	19.6	16.0	1,640,611	157,376	1,483,235	15.5
2019	2017	41.4	22.0	1.2	20.8	14.6	1,415,814	132,080	1,283,734	6.0
2018	2016	42.7	22.4	1.1	20.7	13.2	1,361,693	150,738	1,210,955	(3.8)
2017	2015	40.6	20.1	1.3	22.4	15.7	1,418,126	159,067	1,259,059	6.9
2016	2014	42.9	21.3	1.4	22.4	12.1	1,338,047	160,752	1,177,295	(3.4)
2015	2013	42.0	21.0	0.0	20.4	15.2	1,364,824	146,477	1,218,347	(4.1)
2014	2012	46.5	22.6	0.0	18.4	12.5	1,410,980	141,149	1,269,831	0.4
2013	2011	50.6	25.2	0.0	8.8	15.4	1,386,837	122,058	1,264,779	2.1
2012	2010	51.3	25.9	0.0	9.4	13.4	1,357,056	118,518	1,238,538	0.2

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
CURRENT DEBT STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

Bonded Debt:		
General purpose	\$	8,256,881
Schools		7,920,718
Sewers		5,701,046
Total bonded debt		<u>21,878,645</u>
Total Overall Net Debt	\$	<u>21,878,645</u>

**CURRENT DEBT RATIOS
FOR THE YEAR ENDED JUNE 30, 2021**

Population, 2021*	12,671
Per capita income, 2021**	29,346
Net taxable grand list, 10/1/19	1,479,189,040
Estimated full value @ 70%	2,113,127,200
Equalized net grand list, 2019***	2,310,464,281

	<u>Overall Debt</u>	<u>Overall Net Debt</u>
	<u>\$ 21,878,645</u>	<u>\$ 21,878,645</u>
Per capita	\$ 1,727	\$ 1,727
To net taxable grand list	1.48%	1.48%
To estimated full value @ 70%	1.04%	1.04%
To equalized net grand list, 2018	0.95%	0.95%
Ratio of debt per capita to per capita income	5.88%	5.88%

* Advance CT

** Advance CT

*** 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, 2021			
2021	2019	\$ 1,479,189	25.83	\$ 37,930	97.4	%	2.5	%	2.5	%
2020	2018	1,154,358	25.83	38,183	96.8		3.2		1.6	
2019	2017	1,283,734	26.66	34,436	97.9		2.1		0.2	
2018	2016	1,210,955	26.66	33,716	96.9		3.0		0.1	
2017	2015	1,259,046	26.66	33,386	97.5		2.5		0.2	
2016	2014	1,177,295	26.79	32,877	98.1		1.9		0.1	
2015	2013	1,218,347	26.23	32,739	98.0		2.0		0.0	
2014	2012	1,269,831	24.54	32,307	98.1		1.8		0.0	
2013	2011	1,264,779	24.27	31,296	97.9		2.1		0.0	
2012	2010	1,238,538	23.40	29,700	97.8		2.2		0.0	

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