

**TOWN OF WINDSOR LOCKS, CONNECTICUT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**



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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Finance  
Town of Windsor Locks, Connecticut

### Report on the Audit of the Financial Statements

#### ***Opinions***

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, 2022, 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.

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, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Windsor Locks, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Windsor Locks, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Windsor Locks, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Windsor Locks, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 GAAS, 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.

***Supplementary 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 fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Windsor Locks, Connecticut as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated February 24, 2022, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The General Fund Balance Sheet for the year ended June 30, 2021, 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 2021 financial statements. The information was subjected to the audit procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund Balance Sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2021.



***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the statistical tables but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2023, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
March 7, 2023

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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, 2022. 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 \$91.2 million (net position). This is a \$109 thousand decrease from fiscal year 2021.
- Of this amount, \$12.1 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$44.0 million, an increase of \$17.9 million in comparison with the prior fiscal year. This increase is in large part due to the issuance of General Obligation Bonds of \$20.0 million.
- At the close of the fiscal year, unassigned fund balance for the General Fund was \$12.8 million, or 22.6% of the total General Fund expenditures and transfers in fiscal year 2022.
- The change in undesignated fund balance was intentionally reduced in two ways. The first was utilization of fund balance for one time capital expenditures in the fiscal year 2023 budget. The second was by the creation of the Tax Stabilization Fund (TSF). Please see the General Fund Budgetary Highlights section for more information on the TSF.

**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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**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, Special Grants fund, and Special Education 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 and Tax Increment Financing (TIF) Fund. The Sewer Commission also adopts an operating budget. A budgetary comparison statement is included in the financial statements for each.

**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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

Fiduciary Funds

The Town maintains one fiduciary fund. These funds are used to account for resources held for the benefit of parties outside the general operations of Town government. The Town uses a fiduciary fund to account for the Other Post-Employment Benefits (OPEB) Trust. 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 decreased by approximately \$109 thousand from last fiscal year to fiscal year 2022. 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	
	2022	2021
Current and Other Assets	\$ 57,780	\$ 43,344
Capital Assets, Net of Accumulated Depreciation	101,130	97,367
Total Assets	<u>158,910</u>	<u>140,711</u>
Deferred Outflows of Resources	<u>5,788</u>	<u>8,819</u>
Long-Term Debt Outstanding	59,272	47,114
Other Liabilities	5,798	6,414
Total Liabilities	<u>65,070</u>	<u>53,528</u>
Deferred Inflows of Resources	<u>8,423</u>	<u>4,688</u>
Net Position:		
Net Investment in Capital Assets	74,376	73,862
Restricted	4,779	5,454
Unrestricted	<u>12,050</u>	<u>11,998</u>
Total Net Position	<u>\$ 91,205</u>	<u>\$ 91,314</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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

	Governmental Activities	
	2022	2021
Revenues:		
Program Revenues:		
Charges for Services:	\$ 6,303	\$ 5,975
Operating Grants and Contributions	15,489	20,618
Capital Grants and Contributions	1,180	427
General Revenues:		
Property Taxes	37,186	39,032
Grants and Contributions Not Restricted to Specific Purposes	6,801	6,366
Investment Income (Loss)	(390)	73
Miscellaneous	165	228
Total Revenues	66,734	72,719
Expenses:		
General Government	3,124	3,967
Public Safety	7,216	7,837
Public Works	5,670	5,686
Health and Welfare	805	527
Recreation	1,064	907
Education	48,258	52,388
Interest on Long-Term Debt	706	328
Total Program Expenses	66,843	71,640
Increase (Decrease) in Net Position	\$ (109)	\$ 1,079

**Governmental Activities**

Approximately 55.8% of the revenues were derived from property taxes, followed by 25.0% from grants and contributions, and 9.3% charges for services. The remaining 9.9% was derived from other types of grants, investment earnings, and miscellaneous revenue.

Major revenue and expenditure factors included:

- Programming provided by Park and Recreation, the Senior Center, and Youth Services saw a return to pre-pandemic levels, impacting both revenues and expenditures.
- A continued deterioration was seen in investment income due to degrading and market performance through the fiscal year.
- The Town started putting to use American Rescue Plan Act (ARPA) funds for various projects to help the community.
- During the budget planning process for fiscal year 2022, the Board of Finance proposed utilizing \$1,240,000 as an operating revenue to replace estimated lost revenue due to rental car agencies selling off their inventory during COVID. Due to a positive variance in budget to actual amounts for both general fund revenues and expenditures, these funds were not necessary, and subsequently were returned to the town ARPA workgroup to be reallocated for future community projects.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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	
	2022	2021	2022	2021
General Government	\$ 3,124	\$ 3,967	\$ 816	\$ 2,961
Public Safety	7,216	7,837	6,426	7,361
Public Works	5,670	5,686	2,320	2,209
Health and Welfare	805	527	699	412
Recreation	1,064	907	842	781
Education	48,258	52,388	32,062	30,566
Interest	706	328	706	328
Totals	<u>\$ 66,843</u>	<u>\$ 71,640</u>	<u>\$ 43,871</u>	<u>\$ 44,618</u>

## **TOWN FUNDS FINANCIAL ANALYSIS**

### **Governmental Funds**

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$44.0 million, a substantial increase from last year's total of \$26.1 million due to issuance of General Obligation Bonds in the Capital Projects Fund. Approximately \$11.9 million of this total amount constitutes unassigned fund balance, which is available for spending at the Town's discretion. Approximately \$4.3 million is assigned for encumbrances, the TSF, and future year capital expenditures. \$23.5 million is committed for specific uses. The remainder of fund balance, \$4.3 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 \$17.1 million and \$12.8 million, respectively.

As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to the current year operating budget. Unassigned fund balance represents 24.4% of the Fiscal Year 2023 General Fund expenditures. This is within the range of the Town's fund balance policy target range of 18% to 25%. Although this is a significant decrease from prior fiscal years, this was due to intentional action taken by the Board of Finance and Board of Selectmen to create the Tax Stabilization Fund, or TSF.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

The TSF was established in fiscal year 2022 to help stabilize future mill rate changes in the face of fluctuating revenues and expenditures. This is achieved through setting aside extra revenues or savings realized through spending reductions in order to be used in future budget cycles, without utilizing undesignated fund balance. The rules of the TSF also ensure that the Town does not exceed the targeted fund balance range set forth in the Fund Balance Policy. With the approval of the TSF policy, \$1.4 million was allocated from undesignated fund balance to provide initial funding for the TSF.

The Town has a policy for authorizing the use of American Rescue Plan Act (ARPA) Funds. The Town has also formed a workgroup to guide the approval process. The workgroup is comprised of members of the Board of Finance, Board of Selectman, EIDC, Town employees directly involved with funded programs, and members of the general community. The workgroup receives requests and ideas from the public, town departments, boards and commissions. Incremental funding requires additional levels of approval, including action by the Board of Selectmen, Board of Finance, and Town meeting.

**Sewer Administration Fund**

The total fund balance decreased by approximately \$401 thousand. Income from sewer use charges increased slightly by about 2.6% with investment income having a negative impact on revenues similar to other funds. The variance in investment income is due to reporting holdings at fair market value. Expenditures decreased slightly by about 2.3%. The transfers out consisted of approximately \$572 thousand to the General Fund for debt service, \$95 thousand to the General Fund to cover shared operating expenses, and \$620 thousand to the WPCA Capital fund. The Sewer Commission has been proactive about reducing the fund balance.

**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 referendum pursuant to the Town Charter. Expenditures for capital projects and equipment for 2022 totaled \$5.6 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 2022 approved road projects include Grove, West, and Spring Street. 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 operating budget funds capital items accounted for in the WPCA capital fund. Fiscal Year 2022 projects included pump replacements at the South Center Street pump station and instrumentation upgrades.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Internal Service Fund**

The Town uses the Medical Insurance Fund to pay for employee medical costs. Due to prior year conservative budgeting, combined with positive claims experience, the net position 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. In prior years, the Board subsequently made a concerted effort to reduce the fund balance in the medical insurance fund by transferring a lower amount from the general fund to cover the estimated claims expense. This started the intentional draw down of net position. The Town and Board of Education also worked closely with our broker in an attempt to better estimate allowances for the number of large claims, leaning on recent years of actual experience that had diverged from historical positive claim experiences. Working together, the net position has been further reduced in fiscal year 2022.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2022, 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) totaling \$101.1 million, net of accumulated depreciation. In March 2022, the town approved funding for construction of a new Police Station and a new Senior Center, along with the acquisition of land where the new buildings will be constructed.

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

	Governmental Activities	
	2022	2021
Land	\$ 6,512	\$ 5,908
Construction In Progress	20,035	15,623
Land Improvements	1,586	1,568
Buildings	6,569	6,627
Building Improvements	32,558	33,279
Machinery and Equipment	5,909	6,069
Right to use Machinery and Equipment	560	-
Vehicles	2,779	2,994
Furniture and Fixtures	1,560	1,659
Infrastructure	23,062	23,640
	<hr/>	<hr/>
Totals	\$ 101,130	\$ 97,367
	<hr/>	<hr/>



**TOWN OF WINDSOR LOCKS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

This year's major additions included:

- Library Entryway replacements
- Board of Education 6 Bay Storage Garage
- Middle School Building Management System
- Various equipment purchases

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

**Long-Term Debt**

As of June 30, 2022, the Town had general obligation bonded debt outstanding of \$39.8 million, with \$2.0 million due within the next year. The Town also completed repayment of clean water notes initially borrowed in 2003. All debt is backed by the full faith and credit of the Town.

The Town issued \$20 million of General Obligation Bonds in June 2022. The debt was issued to fund the construction of the new Senior Center and Police Station.

The Town maintains a "AA+" rating from Standard & Poor's Global rating agency for general obligation debt. The State limits the amount of general obligation debt that towns can issue on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$271.1 million State-imposed limit.

The Town's Long-Term Liabilities are comprised of general obligation bonds, capital leases, notes, and employer obligations such as pension, compensated absences, and heart and hypertension claims. The Town's total Long-Term liabilities increased by a net of \$12.2 million. 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 is experiencing the evolution of today's economic climate as it unfolds. Inflation, demand for qualified workers, and low returns on investments all impact decisions made by town officials. 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 COVID health and economic crisis.

The State of Connecticut received and has distributed large sums of American Rescue Plan Act (ARPA) funds, and other federally sponsored programs. 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 utilized ARPA funds in ways that have been 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 39,481,683
Investments	9,220,845
Receivables, Net	4,655,692
Due From Fiduciary Fund	410,048
Inventories	11,768
Brownfield Note Receivable	4,000,000
Capital Assets:	
Assets Not Being Depreciated	26,545,300
Assets Being Depreciated, Net	74,585,174
Total Assets	<u>158,910,510</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pensions	4,916,134
Deferred Outflows Relates to OPEB	787,887
Deferred Charge on Refunding	83,674
Total Deferred Outflows Of Resources	<u>5,787,695</u>
<b>LIABILITIES</b>	
Accounts and Other Payables	3,947,419
Unearned Revenue	1,850,841
Noncurrent Liabilities:	
Due Within One Year	6,368,646
Due In More Than One Year	52,903,416
Total Liabilities	<u>65,070,322</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to OPEB	1,440,735
Deferred Inflows Related to Pension	6,946,217
Advance Property Tax Collections	36,139
Total Deferred Inflows Of Resources	<u>8,423,091</u>
<b>NET POSITION</b>	
Net Investment In Capital Assets	74,375,830
Restricted:	
Expendable Trusts:	
Nonspendable	3,000
Expendable	835
Public Works	1,733,700
Public Safety	211,542
Education	2,425,232
Other Purposes	404,471
Unrestricted	<u>12,050,182</u>
Total Net Position	<u><u>\$ 91,204,792</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

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
<b>GOVERNMENTAL ACTIVITIES</b>					
General Government	\$ 3,123,641	\$ 619,293	\$ 637,852	\$ 1,050,309	\$ (816,187)
Public Safety	7,216,160	576,110	214,384	-	(6,425,666)
Public Works	5,669,957	2,952,654	267,369	130,085	(2,319,849)
Health and Welfare	805,229	35,380	70,991	-	(698,858)
Recreation	1,063,482	218,149	3,466	-	(841,867)
Education	48,258,392	1,901,539	14,294,772	-	(32,062,081)
Interest on Long-Term Debt	706,048	-	-	-	(706,048)
Total Governmental Activities	<u>\$ 66,842,909</u>	<u>\$ 6,303,125</u>	<u>\$ 15,488,834</u>	<u>\$ 1,180,394</u>	(43,870,556)
<b>GENERAL REVENUES</b>					
Property Taxes					37,186,276
Grants and Contributions Not Restricted to Specific Programs					6,800,629
Unrestricted Investment Earnings (Loss)					(389,982)
Miscellaneous					164,546
Total General Revenues					<u>43,761,469</u>
<b>CHANGE IN NET POSITION</b>					(109,087)
Net Position - Beginning of Year					<u>91,313,879</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 91,204,792</u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General	Sewer Administration	Capital Projects	Special Grants	Special Education Grants	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 11,100,727	\$ 983,962	\$ 19,738,224	\$ 60,004	\$ 4,194,493	\$ 2,290,991	\$ 38,368,401
Investments	7,875,213	1,341,797	-	-	-	3,835	9,220,845
Receivables, Net	1,779,861	463,217	-	480,575	271,939	506,211	3,501,803
Due from Other Funds	2,602,193	769,058	1,116,590	1,585,010	-	192,502	6,265,353
Inventories	-	-	-	-	-	11,768	11,768
Total Assets	<u>\$ 23,357,994</u>	<u>\$ 3,558,034</u>	<u>\$ 20,854,814</u>	<u>\$ 2,125,589</u>	<u>\$ 4,466,432</u>	<u>\$ 3,005,307</u>	<u>\$ 57,368,170</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts and Other Payables	\$ 1,902,576	\$ 172,263	\$ 352,288	\$ 30,527	\$ 282,215	\$ 177,121	\$ 2,916,990
Due to Other Funds	2,894,102	56,811	769,058	-	2,241,505	303,966	6,265,442
Unearned Revenue	-	-	-	1,665,938	67,373	117,530	1,850,841
Total Liabilities	<u>4,796,678</u>	<u>229,074</u>	<u>1,121,346</u>	<u>1,696,465</u>	<u>2,591,093</u>	<u>598,617</u>	<u>11,033,273</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Advance Property Tax Collections	36,139	-	-	-	-	-	36,139
Unavailable Revenue - Property Taxes	968,959	-	-	-	-	-	968,959
Unavailable Revenue - Long-Term Receivable	469,149	157,687	-	203,719	107,585	173,021	1,111,161
Unavailable Revenue - Special Assessments	-	270,316	-	-	-	-	270,316
Total Deferred Inflows of Resources	<u>1,474,247</u>	<u>428,003</u>	<u>-</u>	<u>203,719</u>	<u>107,585</u>	<u>173,021</u>	<u>2,386,575</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	14,768	14,768
Restricted	-	-	-	225,405	1,767,754	2,247,286	4,240,445
Committed	-	2,900,957	20,470,345	-	-	135,663	23,506,965
Assigned	4,305,470	-	-	-	-	-	4,305,470
Unassigned	12,781,599	-	(736,877)	-	-	(164,048)	11,880,674
Total Fund Balances	<u>17,087,069</u>	<u>2,900,957</u>	<u>19,733,468</u>	<u>225,405</u>	<u>1,767,754</u>	<u>2,233,669</u>	<u>43,948,322</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,357,994</u>	<u>\$ 3,558,034</u>	<u>\$ 20,854,814</u>	<u>\$ 2,125,589</u>	<u>\$ 4,466,432</u>	<u>\$ 3,005,307</u>	<u>\$ 57,368,170</u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2022**

**RECONCILIATION 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:

Total Fund Balances - Governmental Funds (Exhibit III)	\$ 43,948,322
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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	164,658,980
Less: Accumulated Depreciation	(63,528,506)
Net Capital Assets	101,130,474

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	968,959
Brownfield Note Receivable	4,000,000
Interest and Lien Receivable on Property Taxes	418,139
Assessments Receivable	270,316
Interest and Lien Receivable on Assessments	157,687
Other Unavailable Receivables	535,335
Deferred Outflows Related to Pension	4,916,134
Deferred Outflows Related to OPEB	787,887

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.

1,911,185

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	(39,805,000)
Bond Premiums	(1,402,555)
Interest Payable on Bonds and Notes	(264,306)
Compensated Absences	(1,048,327)
Finance Arraignments	(258,189)
Lease Liability	(562,568)
Net Pension Liability	(10,708,880)
NET OPEB Liability	(75,131)
Contingent Liability	(911,412)
Deferred Inflows Related to Pension	(6,946,217)
Deferred Inflows Related to OPEB	(1,440,735)
Claims Payable	(500,000)
Deferred Charge on Refunding	83,674

Net Position of Governmental Activities (Exhibit I)	\$ 91,204,792
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See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	General	Sewer Administration	Capital Projects	Special Grants	Special Education Grants	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property Taxes	\$ 37,595,746	\$ -	\$ -	\$ -	\$ -	\$ 188,890	\$ 37,784,636
Intergovernmental	16,882,688	189	1,050,309	1,264,337	4,503,259	1,629,007	25,329,789
Charges for Services	1,027,859	2,600,726	-	-	1,770,504	723,379	6,122,468
Contributions	-	-	-	32,925	400	24,543	57,868
Income (Loss) on Investments	(353,632)	(64,231)	22,808	4	-	1,670	(393,381)
Other Revenues	147,045	25	1,800	-	-	25,145	174,015
Total Revenues	55,299,706	2,536,709	1,074,917	1,297,266	6,274,163	2,592,634	69,075,395
<b>EXPENDITURES</b>							
Current:							
General Government	2,261,289	-	-	180,916	-	75,308	2,517,513
Public Safety	5,323,092	-	-	131,699	-	519,547	5,974,338
Public Works	2,871,318	1,559,234	-	-	-	134,522	4,565,074
Health and Welfare	501,089	-	-	341,240	-	42,116	884,445
Recreation	735,190	-	-	2,703	-	231,360	969,253
Employee Benefits and Insurance	3,904,868	-	-	-	-	-	3,904,868
Education	36,806,157	-	-	-	6,733,152	1,132,720	44,672,029
Capital Outlay	-	-	5,491,505	-	-	-	5,491,505
Debt Service	2,913,996	91,340	77,492	-	-	-	3,082,828
Total Expenditures	55,316,999	1,650,574	5,568,997	656,558	6,733,152	2,135,573	72,061,853
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(17,293)	886,135	(4,494,080)	640,708	(458,989)	457,061	(2,986,458)
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of Leases	-	-	219,308	-	-	-	219,308
Bond Issuance	-	-	20,000,000	-	-	-	20,000,000
Bond Premium Issuance	649,093	-	-	-	-	-	649,093
Transfers In	886,283	-	1,928,369	-	-	-	2,814,652
Transfers Out	(1,243,369)	(1,287,163)	(10,000)	-	-	(274,120)	(2,814,652)
Total Other Financing Sources (Uses)	292,007	(1,287,163)	22,137,677	-	-	(274,120)	20,868,401
<b>NET CHANGE IN FUND BALANCES</b>	274,714	(401,028)	17,643,597	640,708	(458,989)	182,941	17,881,943
Fund Balances - Beginning of Year	16,812,355	3,301,985	2,089,871	(415,303)	2,226,743	2,050,728	26,066,379
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 17,087,069</u>	<u>\$ 2,900,957</u>	<u>\$ 19,733,468</u>	<u>\$ 225,405</u>	<u>\$ 1,767,754</u>	<u>\$ 2,233,669</u>	<u>\$ 43,948,322</u>

See accompanying Notes to Financial Statements.



**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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)	\$	17,881,943
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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		6,478,408
Depreciation Expense		(3,165,139)

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.		(12,439)
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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:

Property Tax Receivable - Accrual Basis Change		(582,944)
Property Tax Interest and Lien Receivable - Accrual Basis Change		(15,416)
Sewer Use Receivable - Accrual Basis Change		(34,567)
Sewer Use Interest and Lien Receivable - Accrual Change		11,129
Other Unavailable Receivable - Accrual Basis Change		(274,398)

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

Bond and Note Principal Payments		2,073,645
Lease Payable Proceeds		(219,308)
Lease Payable Payments		119,437
Finance Arraignments Payments		235,647
Bond Issuance		(20,000,000)
Premium on Bond Issuance		(649,093)

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		181,530
Change In Deferred Inflows Related to Pensions		(4,457,822)
Change In Deferred Inflows Related to OPEB		744,863
Accrued Interest		(63,047)
Amortization Of Bond Premiums		157,100
Amortization Of Payable to MERS		10,230
Amortization Of Deferred Charge on Refunding		(26,565)
Contingent Liability		(911,412)
Heart and Hypertension Claims		(131,500)
Net OPEB Liability		(75,131)
Net Pension Liability		7,512,951
Net OPEB Asset		(961,633)
Change In Deferred Outflows Related to Pensions		(3,444,816)
Change In Deferred Outflows Related to OPEB		440,017

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.

Change in Net Position of Governmental Activities (Exhibit II)	\$	(109,087)
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See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2022**

	Governmental Activities <u>Internal Service Fund</u>
<b>ASSETS</b>	
Current:	
Cash and Cash Equivalents	\$ 1,113,282
Accounts Receivable	1,153,889
Due from Other Funds	<u>410,668</u>
Total Assets	2,677,839
<b>LIABILITIES</b>	
Accounts Payable	121,123
Claims Payable	645,000
Due to Other Funds	<u>531</u>
Total Liabilities	<u>766,654</u>
<b>NET POSITION</b>	
Unrestricted	<u><u>\$ 1,911,185</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2022**

	Governmental Activities <u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Premiums	\$ 5,131,240
<b>OPERATING EXPENSES</b>	
Claims	5,902,594
Administration	<u>162,802</u>
Total Operating Expenses	<u>6,065,396</u>
<b>OPERATING LOSS</b>	(934,156)
<b>NONOPERATING REVENUE</b>	
Income on Investments	<u>3,399</u>
<b>CHANGE IN NET POSITION</b>	(930,757)
Net Position - Beginning of Year	<u>2,841,942</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 1,911,185</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2022**

	Governmental Activities <u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers and Users	\$ 4,669,522
Cash Payments to Providers of Benefits and Administration	<u>(5,818,433)</u>
Net Cash Provided (Used) by Operating Activities	(1,148,911)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Income on Investments	<u>3,399</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,145,512)
Cash and Cash Equivalents - Beginning of Year	<u>2,258,794</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 1,113,282</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	(934,156)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
(Increase) Decrease in Due from Other Funds	\$ (332,889)
(Increase) Decrease in Accounts Receivable	(128,829)
Increase (Decrease) in Claims and Accounts Payable	279,166
	-
Increase (Decrease) in Due to Other Funds	<u>(32,203)</u>
Net Cash Provided (Used) by Activities	<u><u>\$ (1,148,911)</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022**

	OPEB Trust Fund
<b>ASSETS</b>	
Investments	\$ 3,957,108
Accounts Receivable	<u>166,864</u>
Total Assets	4,123,972
<b>LIABILITIES</b>	
Accounts and Other Payables	5,334
Unearned Revenue	17,395
Due to Other Funds	<u>410,048</u>
Total Liabilities	432,777
<b>NET POSITION</b>	
Restricted for OPEB Benefits	<u>3,691,195</u>
Total Net Position	<u><u>\$ 3,691,195</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2022**

	<u>OPEB Trust Fund</u>
<b>ADDITIONS:</b>	
Contributions:	
Employer	\$ 100,877
TRB Subsidy	36,023
Total Contributions	<u>136,900</u>
Investment Income:	
Net Change in Fair Value of Investments	<u>(546,677)</u>
Total Additions	(409,777)
<b>DEDUCTIONS:</b>	
Benefits	<u>611,554</u>
<b>CHANGE IN NET POSITION</b>	(1,021,331)
Net Position - Beginning of Year	<u>4,712,526</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 3,691,195</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements**

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, 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.



**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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:

**General Fund**

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.

**Sewer Administration 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.

**Capital Projects Fund**

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.

**Special Grants Fund**

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

**Special Education Grants Fund**

The Special Education Grants Fund accounts for various grant programs for the Board of Education 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, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Additionally, the Town reports the following fund types:

**Internal Service Fund**

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

**OPEB Trust Fund**

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

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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 \$115,277 has been established as an allowance for uncollectible taxes. At June 30, 2022, this represents 9.95% of all property taxes receivable.

In the fund financial statements, all property taxes receivable at June 30, 2022, 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 one year. 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Capital Assets (Continued)**

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:

Buildings	75 Years
Building Improvements	75 Years
Land Improvements	20 Years
Roads	25 to 50 Years
Sidewalks	25 Years
Sewer Plant	50 Years
Sewer Lines	70 Years
Storm Drains	70 Years
Vehicles	8 Years
Office Equipment	5 to 10 Years

**G. Leases**

Lessee

The Town is a lessee for noncancellable leases of equipment. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities in the government-wide financial statements.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or useful life.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Leases (Continued)**

Lessee (Continued)

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position reports 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 five 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. 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.

**J. 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.

**K. 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.

**L. 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Fund Equity**

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

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

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

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

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

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

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

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

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

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



**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. 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.

**O. Adoption of New Accounting Standards**

GASB Statement No. 87, Leases

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Town adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption.

**NOTE 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

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

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

The Board of Education, which is not a separate legal entity but a department of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval (in excess of \$10,000 in the aggregate for the year). During the year ended June 30, 2022, the Town approved additional appropriations of \$19,120 from other anticipated revenues.

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 Police Revolving Fund, a nonmajor special revenue fund, had a fund deficit of \$161,107, which will be financed by charges for services.

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS**

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

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

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

**Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$15,144,383 of the Town's bank balance of \$22,211,178 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 13,571,941
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in The Town's Name	<u>1,572,442</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 15,144,383</u></u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

**Cash Equivalents**

At June 30, 2022, the Town's cash equivalents amounted to \$23,987,162. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard &amp; Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm

Money Market Funds\*

\*Not rated

**Investments**

As of June 30, 2022, the Town had the following investments:

Investment Type	Credit Rating	Amount	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Interest-Bearing Investments:					
Corporate Bonds	Aaa	\$ 112,898	\$ -	\$ 112,898	\$ -
Corporate Bonds	Aa1	454,790	-	454,790	-
Corporate Bonds	Aa3	467,805	-	467,805	-
Corporate Bonds	A1	500,375	-	500,375	-
U.S. Government Agencies	Aaa	1,172,573	-	1,172,573	-
Certificates of Deposit	*	6,512,404	1,455,321	5,057,083	-
		9,220,845	\$ 1,455,321	\$ 7,765,524	\$ -
Other Investments:					
Mutual Funds	n/a	3,957,108			
Total Investments		\$ 13,177,953			

\*Subject to coverage by Federal Depository Insurance and collateralization.

**Interest Rate Risk**

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**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, 2022, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent, that were not in the Town's name.

**Fair Value Measurements**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2022:

	June 30, 2022	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Corporate Bonds	\$ 1,535,868	\$ 1,535,868	\$ -	\$ -
U.S. Government Agencies	1,172,573	1,172,573	-	-
Mutual Funds	3,957,108	3,957,108	-	-
Total Investments by Fair Value Level	6,665,549	\$ 6,665,549	\$ -	\$ -
Total Investments Measured at Fair Value	6,665,549			
Investments measured at amortized cost:				
Certificates of Deposit	6,512,404			
Total Investments	\$ 13,177,953			

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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 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:

	General	Sewer Administration	Special Grants	Special Education Grants	Nonmajor and Other Funds	Total
Receivables:						
Taxes	\$ 1,157,637	\$ -	\$ -	\$ -	\$ -	\$ 1,157,637
Interest	418,139	157,687	-	-	-	575,826
Accounts	73,906	3,736	-	-	1,606,779	1,684,421
Sewer Use	-	306,294	-	-	-	306,294
Intergovernmental	245,456	-	480,575	271,939	220,185	1,218,155
Gross Receivables	1,895,138	467,717	480,575	271,939	1,826,964	4,942,333
Less Allowance for Uncollectibles	(115,277)	(4,500)	-	-	-	(119,777)
Total Receivables, Net	\$ 1,779,861	\$ 463,217	\$ 480,575	\$ 271,939	\$ 1,826,964	\$ 4,822,556

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, 2022, 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 5,907,635	\$ -	\$ 604,001	\$ -	\$ 6,511,636
Construction In Progress	15,623,327	(536,303)	4,946,640	-	20,033,664
Total Capital Assets Not Being Depreciated	21,530,962	(536,303)	5,550,641	-	26,545,300
Capital Assets Being Depreciated:					
Buildings	15,274,217	-	147,665	-	15,421,882
Building Improvements	48,484,402	247,532	22,815	-	48,754,749
Land Improvements	3,066,473	22,696	94,743	-	3,183,912
Machinery and Equipment	17,990,334	266,075	283,588	(16,962)	18,523,035
Right to use Machinery and Equipment	462,697	-	219,308	-	682,005
Vehicles	7,130,528	-	159,648	-	7,290,176
Furniture and Fixtures	1,969,760	-	-	-	1,969,760
Infrastructure	42,288,161	-	-	-	42,288,161
Total Capital Assets Being Depreciated	136,666,572	536,303	927,767	(16,962)	138,113,680
Less: Accumulated Depreciation for:					
Buildings	(8,647,700)	-	(205,005)	-	(8,852,705)
Building Improvements	(15,205,589)	-	(990,840)	-	(16,196,429)
Land Improvements	(1,498,251)	-	(99,243)	-	(1,597,494)
Machinery and Equipment	(11,921,050)	-	(697,410)	4,523	(12,613,937)
Right to use Machinery and Equipment	-	-	(121,849)	-	(121,849)
Vehicles	(4,136,174)	-	(374,612)	-	(4,510,786)
Furniture and Fixtures	(310,603)	-	(99,039)	-	(409,642)
Infrastructure	(18,648,523)	-	(577,141)	-	(19,225,664)
Total Accumulated Depreciation	(60,367,890)	-	(3,165,139)	4,523	(63,528,506)
Total Capital Assets Being Depreciated, Net	76,298,682	536,303	(2,237,372)	(12,439)	74,585,174
Governmental Activities Capital Assets, Net	\$ 97,829,644	\$ -	\$ 3,313,269	\$ (12,439)	\$ 101,130,474

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs as follows:

General Government	\$ 222,745
Public Safety	371,350
Public Works	1,186,255
Recreation	55,180
Education	1,329,609
Total	<u>\$ 3,165,139</u>

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

Individual fund interfund receivable and payable balances at June 30, 2022 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Administration Fund	\$ 56,811
	Special Education Grants Fund	2,241,505
	OPEB Trust Fund	1,240
	Internal Service Funds	531
	Nonmajor Governmental Funds	<u>302,106</u>
		2,602,193
Sewer Administration Fund	Capital Projects Fund	769,058
Capital Projects Fund	General Fund	1,116,590
Special Grants Fund	General Fund	1,585,010
Nonmajor Governmental Funds	General Fund	192,502
Internal Service Fund	Nonmajor Governmental Funds	1,860
	OPEB Trust Fund	<u>408,808</u>
		<u>410,668</u>
		<u>\$ 6,676,021</u>

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



**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)**

	Transfers In		Total
	General Fund	Capital Projects	Transfers Out
Transfers Out:			
General Fund	\$ -	\$ 1,243,369	\$ 1,243,369
Sewer Administration Fund	667,163	620,000	1,287,163
Capital Projects	10,000	-	10,000
Nonmajor Governmental	209,120	65,000	274,120
Total Transfers Out	<u>\$ 886,283</u>	<u>\$ 1,928,369</u>	<u>\$ 2,814,652</u>

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

**NOTE 7 LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance *	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Serial Notes Payable:					
General Obligation Bonds	\$ 21,785,000	\$ 20,000,000	\$ 1,980,000	\$ 39,805,000	\$ 1,990,000
Direct Borrowings:	-	-	-	-	-
Clean Water Notes	93,645	-	93,645	-	-
Bond Premiums	910,562	649,093	157,100	1,402,555	-
Total	<u>22,789,207</u>	<u>20,649,093</u>	<u>2,230,745</u>	<u>41,207,555</u>	<u>1,990,000</u>
Direct Borrowings:					
Finance Arrangements	493,836	-	235,647	258,189	140,267
Lease Liability	462,697	219,308	119,437	562,568	123,668
Brownfield Note Payable	4,000,000	-	-	4,000,000	4,000,000
Net Pension Liability	18,221,831	-	7,512,951	10,708,880	-
Net OPEB Liability	-	75,131	-	75,131	-
MERS Prior Service Costs	10,230	-	10,230	-	-
Compensated Absences	1,229,857	11,419	192,949	1,048,327	114,711
Contingent Liability	-	911,412	-	911,412	-
Claims Payable	<u>368,500</u>	<u>131,500</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 47,576,158</u>	<u>\$ 21,997,863</u>	<u>\$ 10,301,959</u>	<u>\$ 59,272,062</u>	<u>\$ 6,368,646</u>

\*Balance has been restated to reflect the implementation of GASB 87, *Leases*.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

**Changes in Long-Term Liabilities (Continued)**

The following is a summary of bond and note issues at June 30, 2022:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2022
Bonds/Notes:					
Town:					
Refunding Bond	7/1/2014	8/1/2024	2.0-3.0	\$ 3,400,000	\$ 663,478
General Obligation	3/16/2016	3/15/2036	2.0-4.0	2,941,500	2,054,430
General Obligation	3/13/2018	3/15/2038	3.0-4.0	1,841,000	1,370,535
General Obligation	3/6/2020	10/1/2039	2.0-4.0	3,992,000	3,364,646
General Obligation	6/1/2022	7/15/2051	4.25-5.0	20,000,000	20,000,000
Schools:					
Refunding Bond	7/1/2014	8/1/2024	2.0-3.0	3,185,000	621,522
General Obligation	3/16/2016	3/15/2036	2.0-4.0	6,608,500	4,615,570
General Obligation	3/13/2018	3/15/2038	3.0-4.0	1,419,000	1,056,377
General Obligation	3/6/2020	10/1/2039	2.0-4.0	1,078,000	908,589
Sewer:					
General Obligation	3/13/2018	3/15/2038	3.0-4.0	4,625,000	3,443,088
General Obligation	3/6/2020	10/1/2039	2.0-4.0	2,025,000	1,706,765
					<u><u>\$ 39,805,000</u></u>

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

The Town issued general obligation bonds of \$20,000,000 on June 1, 2022, with an interest rate of 4.25-5.0% that matures on July 15, 2051.

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

<u>Year Ending June 30,</u>	Bonds	
	Principal	Interest
2023	\$ 1,990,000	\$ 1,173,485
2024	2,685,000	1,420,619
2025	2,685,000	1,315,944
2026	2,265,000	1,217,669
2027	2,265,000	1,135,169
2028-2032	9,245,000	4,554,193
2033-2037	7,725,000	2,942,093
2038-2042	4,055,000	1,823,298
2043-2047	3,450,000	1,095,836
2048-2052	3,440,000	364,861
Total	<u><u>\$ 39,805,000</u></u>	<u><u>\$ 17,043,167</u></u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

**Capital Projects**

As of June 30, 2022, the Town had authorized unissued bonds of \$17,544,691 available to fund capital projects.

**Debt Limit**

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

<u>Category</u>	<u>Debt Limitation</u>	<u>Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 87,130,510	\$ 41,983,089	\$ 45,147,421
Schools	174,261,020	10,216,749	164,044,271
Sewers	145,217,516	5,149,853	140,067,663
Urban Renewal	125,855,181	-	125,855,181
Pension Deficit	116,174,013	-	116,174,013

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$271.0 million.

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

**Finance Arrangements**

The Town has entered into several finance arrangements for the purchase of various equipment.

The following is a schedule of the future payments under these arrangements as of June 30, 2022:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 140,267	\$ 4,799	\$ 145,066
2024	117,922	2,424	120,346
Total	<u>\$ 258,189</u>	<u>\$ 7,223</u>	<u>\$ 265,412</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

**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.

**Lease Liability**

The Town leases equipment under long-term, noncancelable lease agreements. The leases expire at various dates through 2028.

Total minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 123,668	\$ 1,354	\$ 125,022
2024	102,399	1,023	103,422
2025	103,810	752	104,562
2026	105,251	475	105,726
2027	106,512	191	106,703
2028	20,928	5	20,933
Total	<u>\$ 562,568</u>	<u>\$ 3,800</u>	<u>\$ 566,368</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8 FUND BALANCE**

The components of fund balance for governmental funds at June 30, 2022 are as follows:

	General Fund	Sewer Administration Fund	Capital Projects Fund	Special Grants Fund	Nonmajor Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Endowment	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000
Inventories	-	-	-	-	11,768	11,768
Restricted for:						
Highway Projects	-	-	-	-	1,198,365	1,198,365
Grants	-	-	-	225,405	625,094	2,618,253
Student Activities	-	-	-	-	243,926	243,926
Tif District	-	-	-	-	179,901	179,901
Committed to:						
Sewer Use	-	2,900,957	-	-	-	2,900,957
Capital Projects	-	-	20,470,345	-	-	20,470,345
Public Safety	-	-	-	-	47,890	47,890
Health and Welfare	-	-	-	-	13,361	13,361
Recreation	-	-	-	-	74,412	74,412
Assigned to:						
Future Years Budget	2,596,845	-	-	-	-	2,596,845
Tax Stabilization	1,400,000	-	-	-	-	1,400,000
Education - Encumbrances	308,625	-	-	-	-	308,625
Unassigned	12,781,599	-	(736,877)	-	(164,048)	11,880,674
Total Fund Balances	<u>\$ 17,087,069</u>	<u>\$ 2,900,957</u>	<u>\$ 19,733,468</u>	<u>\$ 225,405</u>	<u>\$ 2,233,669</u>	<u>\$ 43,948,322</u>

Encumbrances of \$121,253 are contained in the above table in the assigned category of the General Fund.

**NOTE 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, 2021 to June 30, 2022.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

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

The medical insurance fund is substantially funded by the Town's General Fund based upon estimates surrounding the number of enrolled employees and type of coverage selected (single or family). These estimates are also influenced by emerging trends in the insurance market as well as the value of the administrative fees accessed by the Town's third-party administrator and stop loss provider. The claims liability reported is based on the requirements of GASB Statements No. 10 and 30, which require a liability for claims to be reported if information prior to the issuance of the financial statement indicates that it is possible that a liability has been incurred at the 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
2020-2021	\$ 316,000	\$ 5,046,993	\$ 5,003,693	\$ 359,300
2021-2022	359,300	5,902,594	5,616,894	645,000

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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

These Claims Payable liabilities are cases that are estimated and negotiated by legal counsel. They are paid from the General Fund when due. An analysis of claim activity is as follows:

Claims Payable	Balance July 1	Current Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2020-2021	\$ 93,500	\$ 275,000	\$ -	\$ 368,500
2021-2022	368,500	131,500	-	500,000

**NOTE 10 PENSION PLANS**

**Municipal Employees' Retirement System**

**A. Plan Description**

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

**B. Benefit Provisions**

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous active service, or 15 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 PENSION PLANS (CONTINUED)**

**Municipal Employees' Retirement System (Continued)**

**B. Benefit Provisions (Continued)**

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.

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.



**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 PENSION PLANS (CONTINUED)**

**Municipal Employees' Retirement System (Continued)**

**C. Contributions**

Member

Contributions for members not covered by social security are 6% of compensation; for members covered by social security, 3.25% 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, 2022, the Town reports a liability of \$10,708,880 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2021, 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, 2021 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, 2022, the Town's proportion was 1.51%. The decrease in proportion from the prior year was 0.13%.

For the year ended June 30, 2022, the Town recognized pension expense of \$2,128,936. 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	\$ -	\$ 4,629,134
Change in Proportionate Share	442,750	791,272
Change of Assumptions	1,425,947	-
Net Difference Between Projected and Actual		
Actuarial Experience	898,980	1,525,811
Town Contributions Subsequent to the		
Measurement Date	2,148,457	-
Total	<u>\$ 4,916,134</u>	<u>\$ 6,946,217</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 PENSION PLANS (CONTINUED)**

**Municipal Employees' Retirement System (Continued)**

**D Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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>	<u>Amount</u>
2023	\$ 299,928
2024	(1,489,315)
2025	(1,408,892)
2026	(1,580,261)

**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**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 PENSION PLANS (CONTINUED)**

**Municipal Employees' Retirement System (Continued)**

**E. Actuarial Assumptions (Continued)**

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.0 %	

**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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 PENSION PLANS (CONTINUED)**

**Municipal Employees' Retirement System (Continued)**

**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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 18,058,310	\$ 10,708,880	\$ 4,340,798

**H. Contingent Liability**

During a review of MERS participants and eligibility guidelines, it was discovered that there were some employees who may have been eligible to participate in the MERS program and were not enrolled. The Town is actively working with MERS to resolve this possible error and determine the total obligation amount, which management expects to result in a repayment agreement. The amount reported of \$911,412 is a preliminary estimated amount of what will be due to MERS, and includes employee and employer contributions, interest, and penalties.

**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](http://www.ct.gov).

**B. Benefit Provisions**

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

**Normal Retirement**

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 PENSION PLANS (CONTINUED)**

**Connecticut Teachers' Retirement System – Pension (Continued)**

**B. Benefit Provisions (Continued)**

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.

For the year ended June 30, 2022, the amount of "on-behalf" contributions made by the State was \$4,818,695 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 PENSION PLANS (CONTINUED)**

**Connecticut Teachers' Retirement System – Pension (Continued)**

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

At June 30, 2022, 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	57,547,610
Total	<u>\$ 57,547,610</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date. At June 30, 2022, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2022, the Town recognized pension expense and revenue of \$3,714,832 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 PENSION PLANS (CONTINUED)**

**Connecticut Teachers' Retirement System – Pension (Continued)**

**E. Actuarial Assumptions (Continued)**

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

**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%.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 PENSION PLANS (CONTINUED)**

**Connecticut Teachers' Retirement System – Pension (Continued)**

**E. Actuarial Assumptions (Continued)**

**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:

Asset Class	Expected Return	Target Allocation
Domestic Equity Fund	5.6 %	20.0 %
Developed Market Intl. Stock Fund	6.0	11.0
Emerging Market Intl. Stock Fund	7.9	9.0
Core Fixed Income Fund	2.1	16.0
Inflation Linked Bond Fund	1.1	5.0
Emerging Market Debt Fund	2.7	5.0
High Yield Bond Fund	4.0	6.0
Real Estate Fund	4.5	10.0
Private Equity	7.3	10.0
Alternative Investments	2.9	7.0
Liquidity Fund	0.4	1.0
Total		<u>100.0 %</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.



**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 PENSION PLANS (CONTINUED)**

**Connecticut Teachers' Retirement System – Pension (Continued)**

**H. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**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.

**Aggregate Pension Information**

The Town recognized pension expense of \$5,843,768 related to pension plans as of and for the year ended June 30, 2022.

**NOTE 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

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Retiree Health Plan (Continued)**

**B. Plan Description (Continued)**

of Selectman member, the Superintendent of Schools, the Board of Education Business Manager and the Finance Director.

At July 1, 2021, plan membership consisted of the following:

	Retiree Health Plan
Retired Members and Their Spouses	\$ 34
Active Plan Members	307
Total Participants	<u>\$ 341</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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Retiree Health Plan (Continued)**

**D. Investments (Continued)**

**Rate of Return**

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -15.53%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**E. Net OPEB Liability (Asset) of the Town**

The Town's net OPEB liability (asset) was measured as of June 30, 2022. The components of the net OPEB liability of the Town at June 30, 2022 were as follows:

Total OPEB Liability	\$ 3,766,326
Plan Fiduciary Net Position	<u>3,691,195</u>
Net OPEB Liability (Asset)	<u><u>\$ 75,131</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	98.01%

**Actuarial Assumptions**

The total OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4%
Investment Rate of Return	6.25%, Net of Investment Expenses
Healthcare Cost Trend Rates	6.50% for 2021, Decreasing by 0.20% per Year Down to 4.40% in 2032 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-2021.

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, 2022.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Retiree Health Plan (Continued)**

**E. Net OPEB Liability (Asset) of the Town (Continued)**

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	46.60 %	5.50 %
Foreign Equity	12.70	5.75
Domestic Fixed income	37.20	1.25
Foreign Fixed Income	3.50	0.75
Total	100.00 %	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.25%. 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Retiree Health Plan (Continued)**

**F. Changes in the Net OPEB Liability (Asset)**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)
Balances As of July 1, 2021	\$ 3,750,893	\$ 4,712,526	\$ (961,633)
Changes for the Year:			
Service Cost	133,758	-	133,758
Interest on Total OPEB Liability	232,939	-	232,939
Differences Between Expected and Actual Experience	263,054	-	263,054
Changes In Assumptions	(2,764)	-	(2,764)
Employer Contributions	-	100,877	(100,877)
Contributions -TRB Subsidy	-	36,023	(36,023)
Net Investment Income (Loss)	-	(546,677)	546,677
Benefit Payments	(611,554)	(611,554)	-
Net Changes	15,433	(1,021,331)	1,036,764
Balances As of June 30, 2022	\$ 3,766,326	\$ 3,691,195	\$ 75,131

**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 (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability (Asset)	\$ 415,686	\$ 75,131	\$ (226,877)

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Retiree Health Plan (Continued)**

**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 3.40%)	Healthcare Cost Trend Rates (6.5% Decreasing to 4.40%)	1% Increase (7.50% Decreasing to 5.40%)
Net OPEB Liability (Asset)	\$ (317,163)	\$ 75,131	\$ 531,977

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$(47,239). At June 30, 2022, 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	\$ 386,793	\$ 1,438,199
Changes In Assumptions	168,617	2,536
Differences Between Projected and Actual Earnings on OPEB Plan Investments	-	-
	232,477	-
Total	\$ 787,887	\$ 1,440,735

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (78,985)
2024	(92,054)
2025	(117,729)
2026	49,669
2027	(117,894)
Thereafter	(295,855)

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**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](http://www.ct.gov/trb).

**B. Benefit Provisions**

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare 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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Teachers' Retirement Plan – OPEB (Continued)**

**B. Benefit Provisions (Continued)**

Survivor Health Care Coverage

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

**C. Eligibility**

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.



**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Teachers' Retirement Plan – OPEB (Continued)**

**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, 2022, the amount of "on-behalf" contributions made by the State was \$113,393 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

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

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

At June 30, 2022, 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	6,269,707
Total	<u><u>\$ 6,269,707</u></u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Teachers' Retirement Plan – OPEB (Continued)**

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

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2022, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$(231,520) 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	2.5%
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	2.17%, Net of OPEB Plan Investment Expense, Including Inflation
Year Fund Net Position will be Depleted	2023

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.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 2.21% to 2.17%
- Expected annual per capita claims costs were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.
- The changes in the benefit terms since the prior year are as follows:
- There were no changes to benefit terms in the two years preceding the measurement date.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Teachers' Retirement Plan – OPEB (Continued)**

**F. Actuarial Assumptions (Continued)**

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 2.17%. The projection of cash flows used to determine the discount rate was performed with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- 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 were assumed to be made at the current member contribution rate. Employee 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 toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Teachers' Retirement Plan – OPEB (Continued)**

**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. OPEB Plan Fiduciary Net Position**

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

**J. 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.

**Aggregate OPEB Information**

The Town recognized OPEB expense of \$(278,759) related to OPEB plans as of and for the year ended June 30, 2022.

**NOTE 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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## **GENERAL FUND**

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2022**  
**(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Property Taxes:				
Current Taxes	\$ 35,200,556	\$ 35,200,556	\$ 35,601,411	\$ 400,855
Supplemental Taxes	1,080,000	1,080,000	1,071,334	(8,666)
Prior Year Taxes	375,000	375,000	627,111	252,111
Interest and Lien Fees	210,000	210,000	264,999	54,999
Telephone Access Line	35,000	35,000	30,891	(4,109)
Housing Authority in Lieu of Tax	38,000	38,000	-	(38,000)
Total Property Taxes	36,938,556	36,938,556	37,595,746	657,190
Intergovernmental:				
General Government:				
In Lieu of Tax, State Property	45,282	45,282	107,448	62,166
In Lieu of Tax, Airport	3,319,685	3,319,685	3,319,686	1
Totally Disabled Grants	500	500	627	127
Capital Improvement Program	80,547	80,547	-	(80,547)
Veterans' Exemptions	6,000	6,000	5,903	(97)
Office of Emergency Management	6,200	6,200	-	(6,200)
ARPA Reduced Revenue Replacement	1,240,000	1,240,000	-	(1,240,000)
Off Track Betting/Teletheater	264,000	264,000	308,578	44,578
Mashantucket Pequot/Mohegan Grant	387,713	387,713	387,713	-
Municipal Grant-in-Aid	2,360,422	2,360,422	2,784,595	424,173
Municipal Revenue Sharing	-	-	30,833	30,833
Senior Center Transportation Grant	14,358	14,358	-	(14,358)
Municipal Stabilization Grant	150,116	150,116	150,116	-
Youth Services	14,000	14,000	14,186	186
Total General Government	7,888,823	7,888,823	7,109,685	(779,138)
Education:				
Educational Cost Sharing	4,652,368	4,652,368	4,827,207	174,839
Total Education	4,652,368	4,652,368	4,827,207	174,839
Total Intergovernmental	12,541,191	12,541,191	11,936,892	(604,299)

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2022  
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Charges for Services:				
Conveyance Tax	\$ 130,000	\$ 130,000	\$ 299,920	\$ 169,920
Town Clerk's Office	95,000	95,000	108,609	13,609
Building Permits	310,000	310,000	356,459	46,459
Blight Fees	7,000	7,000	14,423	7,423
Zoning Board of Appeals	700	700	279	(421)
Planning and Zoning	4,000	4,000	3,594	(406)
Other Licenses and Permits	10,000	10,000	8,820	(1,180)
Trash Haulers Permits	6,000	6,000	3,810	(2,190)
Assessors Office	60	60	100	40
Inland Wetland Fees	1,000	1,000	-	(1,000)
Fire Marshall Application Fees	40,000	40,000	42,104	2,104
Tobacco Valley Probate Cost Share	16,415	16,415	16,367	(48)
Superior Court	5,000	5,000	6,140	1,140
Parking Tickets	4,000	4,000	2,000	(2,000)
Airplane Registration Fees	50,000	50,000	57,700	7,700
Police Accident Reports	2,200	2,200	2,217	17
Senior Citizen Mini-Bus Fee	3,500	3,500	2,823	(677)
Rent from Schools	1,000	1,000	660	(340)
Tower Rental	115,860	115,860	101,834	(14,026)
Total Charges For Services	801,735	801,735	1,027,859	226,124
Investment Income:				
Income on Investments	150,000	150,000	(353,632)	(503,632)
Other Revenues:				
Miscellaneous Receipts	30,000	30,000	6,688	(23,312)
Recycling Program	5,000	5,000	4,454	(546)
PA 21-58 Nip Fees			13,708	13,708
Foreign Trade Zone	1,500	1,500	-	(1,500)
Workers' Compensation	50,000	50,000	135,903	85,903
Total Other Revenues	86,500	86,500	160,753	74,253
Total Revenues	50,517,982	50,517,982	50,367,618	(150,364)



**TOWN OF WINDSOR LOCKS, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2022  
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Other Financing Sources:				
Transfers from Other Funds:				
Sewer Administration Fund	\$ 665,499	\$ 665,499	\$ 667,163	\$ 1,664
Capital Improvements	-	10,000	10,000	-
Highway	150,000	150,000	150,000	-
TIF	-	9,120	9,120	-
Police Reimbursement	50,000	50,000	50,000	-
James Deforest Phelps Fund	3	3	-	(3)
Total Other Financing Sources	<u>865,502</u>	<u>884,622</u>	<u>886,283</u>	<u>1,661</u>
 Total	 <u>\$ 51,383,484</u>	 <u>\$ 51,402,604</u>	 51,253,901	 <u>\$ (148,703)</u>

Budgetary revenues are different than GAAP revenues because:

Premium on Bond Issuance not Budgeted	649,093
State of Connecticut Pension on-Behalf Contributions to the Connecticut State Teachers' Retirement System for Town Teachers are not Budgeted.	4,819,613
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

\$ 56,835,082

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2022**  
**(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
General Government:				
Assessor	\$ 222,801	\$ 210,600	207,706	\$ 2,894
Auditing Services	30,300	30,300	29,300	1,000
Board of Assessment Appeals	1,066	1,337	1,248	89
Board of Finance	61,275	23,331	18,259	5,072
Board of Selectmen	180,439	179,170	178,570	600
Building Official	290,132	273,367	268,250	5,117
Capital Improvement Advisory Commission	301	301	75	226
Conservation Commission	2,961	2,914	1,525	1,389
Contingency Fund	125,000	21,367	-	21,367
Economic Development Commission	15,185	15,185	11,639	3,546
Finance Department	278,834	286,881	286,094	787
General Expense All Buildings	38,100	31,188	30,922	266
Historical Commission	2,047	2,969	2,516	453
Holiday Observance	3,100	3,100	2,953	147
Human Resource	68,023	68,108	67,529	579
Information Technologies	174,066	184,729	183,972	757
Inland/Wetlands Agency	4,131	2,910	2,138	772
Municipal Associations	21,530	21,530	21,530	-
Planning and Zoning Commission	11,326	9,834	6,535	3,299
Probate Court	23,450	23,450	21,267	2,183
Registrar of Voters	48,703	48,703	48,375	328
Tax Collector	325,008	322,139	297,916	24,223
Town Clerk	155,244	157,376	156,627	749
Town Counsel	61,000	114,679	106,070	8,609
Town Engineer	55,000	20,000	19,419	581
Town Office Building	167,393	181,295	180,636	659
Town Treasurer	200	200	200	-
Train Station	1,108	1,942	1,909	33
Zoning Board of Appeals	3,976	3,976	2,530	1,446
Total General Government	2,371,699	2,242,880	2,155,710	87,170
Public Safety:				
Fire Commission	365,996	367,836	329,761	38,075
Fire Marshal	79,662	77,862	66,584	11,278
Marine Services	300	300	-	300
Nine Bay Garage/Safety Complex	2,100	2,677	2,575	102
Office of Emergency Management	29,180	29,180	24,861	4,319
Police	3,946,926	3,979,204	3,979,204	0
Animal Control	6,955	7,418	7,409	9
Safety Complex	167,534	174,963	172,189	2,774
Spring Street Garage	8,744	8,882	8,579	303
Water Main/Street Lighting	789,474	787,491	740,509	46,982
Total Public Safety	5,396,871	5,435,813	5,331,671	104,142

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2022  
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Public Works:				
Landfill/Refuse Removal	\$ 1,130,430	\$ 1,140,835	\$ 1,139,540	\$ 1,295
Public Works Department	1,553,546	1,584,416	1,570,190	14,226
Public Works Garage	41,892	49,836	49,570	266
Snow Removal	121,500	117,546	103,439	14,107
Total Public Works	2,847,368	2,892,633	2,862,739	29,894
Health and Welfare:				
Commission on Needs of the Aging	234,853	236,769	223,083	13,686
Outside Services	112,125	112,125	112,124	1
Senior Center	97,902	105,783	105,579	204
Social Services	92,351	93,721	93,341	380
Veterans' Services	1,000	1,000	53	947
Youth Service Bureau	72,573	72,831	72,488	343
Total Health and Welfare	610,804	622,229	606,668	15,561
Recreation:				
Parks and Recreation	274,572	275,045	265,005	10,040
Public Library	470,185	470,185	470,185	-
Total Recreation	744,757	745,230	735,190	10,040
Employee Benefits and Insurance:				
Employee Benefits	3,358,935	3,455,769	3,444,775	10,994
Insurance and Bonds	515,000	470,000	460,093	9,907
Total Employee Benefits and Insurance	3,873,935	3,925,769	3,904,868	20,901
Education	31,380,684	31,380,684	31,380,684	-
Debt Service:				
Bond Redemption	2,219,825	2,219,825	2,219,824	1
Interest	694,172	694,172	694,172	-
Total Debt Service	2,913,997	2,913,997	2,913,996	1
Total Expenditures	50,140,115	50,159,235	49,891,526	267,709

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2022  
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to Other Funds:				
Capital Improvement Fund	\$ 1,243,369	\$ 1,243,369	\$ 1,243,369	\$ -
Total Other Financing Uses	<u>1,243,369</u>	<u>1,243,369</u>	<u>1,243,369</u>	<u>-</u>
 Total	 <u>\$ 51,383,484</u>	 <u>\$ 51,402,604</u>	 51,134,895	 <u>\$ 267,709</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.	4,818,695
State of Connecticut OPEB on-Behalf Contributions to the Connecticut State Teachers' Retirement System for Town Teachers are not Budgeted.	113,393

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.

493,385

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

\$ 56,560,368

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**SEWER OPERATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2022**  
**(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES</b>				
Sewer Use Charges and Interest	\$ 2,537,814	\$ 2,537,814	\$ 2,588,826	\$ 51,012
Fees	32,000	32,000	11,900	(20,100)
Investment Income	25,000	25,000	(64,231)	(89,231)
Intergovernmental	-	-	189	189
Miscellaneous	-	-	25	25
Total Revenues	2,594,814	2,594,814	2,536,709	(58,105)
<b>EXPENDITURES</b>				
Salaries	651,188	463,624	425,053	38,571
Fringe Benefits	297,763	285,380	179,948	105,432
Overtime	48,000	90,041	90,040	1
Audit and Legal Fees	18,070	18,250	13,250	5,000
Chemicals/Chlorine	87,169	87,169	86,708	461
Contingency	10,000	10,000	-	10,000
Refunds	-	225	224	1
Debt Service	109,719	109,719	91,340	18,379
Electricity	185,000	180,280	161,950	18,330
Equipment Rental/Hauling	7,900	7,900	4,352	3,548
Fuel, Oil, Natural Gas	23,435	24,855	23,879	976
Gasoline and Diesel	8,300	8,661	7,348	1,313
Insurance	46,267	48,849	48,849	-
Lab Equipment	28,895	35,188	35,187	1
Mechanical Maintenance	57,000	202,523	202,520	3
Outside Services	30,115	30,115	29,987	128
Safety Training	500	500	-	500
Sewer Line Maintenance	19,500	19,500	12,100	7,400
Sludge Disposal	90,530	93,633	93,633	-
Supplies	53,650	53,650	28,452	25,198
Telephone	6,650	6,650	5,972	678
User Fee Administration	130,000	130,000	94,934	35,066
Vehicle Parts, Repairs	8,000	8,000	1,910	6,090
Water	10,000	12,939	12,938	1
Total Expenditures	1,927,651	1,927,651	1,650,574	277,077
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	667,163	667,163	886,135	218,972
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(667,163)	(1,287,163)	(1,287,163)	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ (620,000)	(401,028)	\$ 218,972
Fund Balance - Beginning of Year			3,301,985	
<b>FUND BALANCE - END OF YEAR</b>			\$ 2,900,957	

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

	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	1.51%	1.64%	1.59%	1.58%	2.90%	2.61%	3.06%	4.30%
Town's Proportionate Share of the Net Pension Liability	\$ 10,708,880	\$ 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	11,286,022	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	94.89%	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	82.59%	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\***

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 2,148,457	\$ 1,921,267	\$ 1,730,215	\$ 1,469,202	\$ 932,505	\$ 873,983	\$ 833,404	\$ 902,297	\$ 799,677	\$ 732,126
Contributions in Relation to the Actuarially Determined Contribution	<u>2,148,457</u>	<u>1,921,267</u>	<u>1,730,215</u>	<u>1,469,202</u>	<u>932,505</u>	<u>873,983</u>	<u>833,404</u>	<u>902,297</u>	<u>799,677</u>	<u>732,126</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 11,767,098	\$ 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
Contributions as a Percentage of Covered Payroll	18.26%	17.02%	15.34%	13.31%	14.20%	13.82%	13.81%	14.57%	14.09%	13.57%

## Notes to Schedule

Valuation Date: June 30, 2021

Measurement Date: June 30, 2021

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 20 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 EIGHT FISCAL YEARS\***

	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.00%	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	\$ 57,547,610	\$ 72,660,346	\$ 66,194,635	\$ 51,039,909	\$ 51,274,308	\$ 54,094,788	\$ 38,927,124	\$ 35,980,325
Total	<u>\$ 57,547,610</u>	<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	\$ 16,889,028	\$ 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%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.77%	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	None
Actuarial Cost Method	Entry age
Amortization Method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
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 SIX FISCAL YEARS\***

	2022	2021	2020	2019	2018	2017
Total OPEB Liability:						
Service Cost	\$ 133,758	\$ 128,366	\$ 116,350	\$ 111,234	\$ 185,494	\$ 181,058
Interest	232,939	236,558	232,946	212,108	350,555	331,484
Changes of Benefit Terms				-	-	-
Differences Between Expected and Actual Experience	263,054	(4,936)	58,489	144,807	(2,297,960)	(91,675)
Changes of Assumptions	(2,764)		223,010	-	-	-
Benefit Payments	(611,554)	(236,448)	(422,626)	(395,635)	(195,090)	(159,517)
Net Change in Total OPEB Liability	15,433	123,540	208,169	72,514	(1,957,001)	261,350
Total OPEB Liability - Beginning	3,750,893	3,627,353	3,419,184	3,346,670	5,303,671	5,042,321
Total OPEB Liability - Ending	3,766,326	3,750,893	3,627,353	3,419,184	3,346,670	5,303,671
Plan Fiduciary Net Position:						
Contributions - Employer	100,877	94,779	118,635	475,382	317,449	787,285
Contributions - TRB Subsidy	36,023	-	-	53,147	35,730	45,206
Net Investment Income	(546,677)	1,077,914	137,176	175,178	253,562	307,665
Benefit Payments	(611,554)	(236,448)	(422,626)	(395,635)	(195,090)	(159,517)
Net Change in Plan Fiduciary Net Position	(1,021,331)	936,245	(166,815)	308,072	411,651	980,639
Plan Fiduciary Net Position - Beginning	4,712,526	3,776,281	3,943,096	3,635,024	3,223,373	2,242,734
Plan Fiduciary Net Position - Ending	3,691,195	4,712,526	3,776,281	3,943,096	3,635,024	3,223,373
Net OPEB Liability (Asset) - Ending	\$ 75,131	\$ (961,633)	\$ (148,928)	\$ (523,912)	\$ (288,354)	\$ 2,080,298
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	98.01%	125.64%	104.11%	115.32%	108.62%	60.78%
Covered-Employee Payroll	\$ 23,511,586	\$ 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	0.32%	-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\***

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution (1)	\$ 100,877	\$ 94,782	\$ 118,635	\$ 115,705	\$ 430,226	\$ 425,085	\$ 360,756	\$ 349,769	\$ 386,014	\$ 375,382
Contributions in Relation to the Actuarially Determined Contribution	100,877	94,779	118,635	475,382	317,449	787,285	347,299	525,885	356,970	179,841
Contribution Deficiency (Excess)	\$ -	\$ 3	\$ -	\$ (359,677)	\$ 112,777	\$ (362,200)	\$ 13,457	\$ (176,116)	\$ 29,044	\$ 195,541
Covered-Employee Payroll	\$ 23,511,586	\$ 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
Contributions as a Percentage of Covered-Employee Payroll	0.43%	0.39%	0.50%	1.98%	1.35%	3.17%	1.44%	2.17%	1.61%	0.81%

(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, 2021

Measurement Date: June 30, 2022

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	2.40%
Healthcare Cost Trend Rates	6.50% in 2021 decreasing 0.20% per year to 4.40% in 2032 and beyond
Investment Rate of Return	6.25%, net of investment-related and administrative expenses
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-2021.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	-15.53%	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 FIVE FISCAL YEARS\***

	<u>2022</u>	<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%	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>\$ 6,269,707</u>	<u>\$ 10,837,293</u>	<u>\$ 10,323,428</u>	<u>\$ 10,203,211</u>	<u>\$ 13,197,410</u>
Total	<u><u>\$ 6,269,707</u></u>	<u><u>\$ 10,837,293</u></u>	<u><u>\$ 10,323,428</u></u>	<u><u>\$ 10,203,211</u></u>	<u><u>\$ 13,197,410</u></u>
Town's Covered Payroll	\$ 16,889,028	\$ 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%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.50%	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, 2021 was updated to equal the Municipal Bond Index Rate as of June 30, 2021;  Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024
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.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**GENERAL FUND**

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
COMPARATIVE BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 11,100,727	\$ 11,889,029
Investments	7,875,213	7,281,260
Property Taxes Receivable, Net of Allowance of \$115,277 in 2022 and \$166,509 in 2021	1,042,360	2,084,389
Accounts Receivable	737,501	306,145
Due from Other Funds	<u>2,602,193</u>	<u>1,286,761</u>
Total Assets	<u><u>\$ 23,357,994</u></u>	<u><u>\$ 22,847,584</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 1,902,576	\$ 2,120,137
Due to Other Funds	2,894,102	1,797,933
Unearned Revenue	-	117,377
Total Liabilities	<u>4,796,678</u>	<u>4,035,447</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Advance Property Tax Collections	36,139	14,324
Unavailable Revenue - Property Taxes	968,959	1,985,458
Unavailable Revenue - Long-Term Receivables	469,149	-
Total Deferred Inflows of Resources	<u>1,474,247</u>	<u>1,999,782</u>
<b>FUND BALANCE</b>		
Assigned	4,305,470	921,705
Unassigned	<u>12,781,599</u>	<u>15,890,650</u>
Total Fund Balance	<u>17,087,069</u>	<u>16,812,355</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 23,357,994</u></u>	<u><u>\$ 22,847,584</u></u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
REPORT OF TAX COLLECTOR  
GENERAL FUND  
YEAR ENDED JUNE 30, 2022**

Grand List	Uncollected Taxes July 1, 2021	Current Tax Levy	Additions	Deductions	Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2022
							Taxes	Interest and Lien Fees	Total	
2005	\$ 644	\$ -	\$ -	\$ -	\$ -	\$ 644	\$ -	\$ -	\$ -	\$ 644
2006	671	-	-	1	-	670	-	-	-	670
2007	817	-	-	1	-	816	-	-	-	816
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	-	-	1	-	14,891	4,143	4,873	9,016	10,748
2014	27,492	-	623,842	712,956	-	(61,622)	(80,081)	(52,090)	(132,171)	18,459
2015	51,465	-	-	93,444	-	(41,979)	(80,114)	(39,797)	(119,911)	38,135
2016	38,443	-	125	130,440	-	(91,872)	(121,265)	(38,178)	(159,443)	29,393
2017	84,608	-	-	41,830	-	42,778	(27,353)	10,233	(17,120)	70,131
2018	597,861	-	7,316	118,772	84,922	401,483	286,565	(76,548)	210,017	114,918
2019	972,591	-	132,171	152,278	-	952,484	663,867	69,832	733,699	288,617
Total prior years	1,817,343	-	763,454	1,249,723	84,922	1,246,152	645,762	(121,675)	524,087	600,390
2020	-	37,538,641	246,705	183,982	-	37,601,364	37,044,117	94,143	37,138,260	557,247
Total	<u>\$ 1,817,343</u>	<u>\$ 37,538,641</u>	<u>\$ 1,010,159</u>	<u>\$ 1,433,705</u>	<u>\$ 84,922</u>	<u>\$ 38,847,516</u>	37,689,879	(27,532)	37,662,347	<u>\$ 1,157,637</u>
Suspense Collections							17,560	16,237	33,797	
Total							37,707,439	<u>\$ (11,295)</u>	<u>\$ 37,696,144</u>	
Property taxes receivable considered available:										
June 30, 2021							(98,930)			
June 30, 2022							104,765			
Total Taxes							<u>\$ 37,713,274</u>			



**NONMAJOR GOVERNMENTAL FUNDS**

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

	Special Revenue Funds					
	Dog	Highway	School Cafeteria	Police Revolving	Parks and Recreation	Commission on Needs of the Aging
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 45,917	\$ 1,232,070	\$ 310,299	\$ 9,005	\$ 145,519	\$ 208
Investments	-	-	-	-	-	-
Receivables, Net	1,022	-	220,584	234,026	18,561	877
Due from Other Funds	7,379	-	-	-	-	-
Inventory	-	-	11,768	-	-	-
Total Assets	<u>\$ 54,318</u>	<u>\$ 1,232,070</u>	<u>\$ 542,651</u>	<u>\$ 243,031</u>	<u>\$ 164,080</u>	<u>\$ 1,085</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 6,428	\$ 33,705	\$ 106,789	\$ 2,701	\$ 10,490	\$ -
Due to Other Funds	-	-	-	228,416	1,215	4,026
Unearned Revenue	-	-	10,542	-	77,963	-
Total Liabilities	<u>6,428</u>	<u>33,705</u>	<u>117,331</u>	<u>231,117</u>	<u>89,668</u>	<u>4,026</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Long-Term Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,021</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>						
Nonspendable	-	-	11,768	-	-	-
Restricted	-	1,198,365	413,552	-	-	-
Committed	47,890	-	-	-	74,412	-
Unassigned	-	-	-	(161,107)	-	(2,941)
Total Fund Balances	<u>47,890</u>	<u>1,198,365</u>	<u>425,320</u>	<u>(161,107)</u>	<u>74,412</u>	<u>(2,941)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 54,318</u>	<u>\$ 1,232,070</u>	<u>\$ 542,651</u>	<u>\$ 243,031</u>	<u>\$ 164,080</u>	<u>\$ 1,085</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2022**

	Special Revenue Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Human Services	Police Department Asset Forfeiture	Student Activities	TIF District	James DeForest Phelps	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 8,732	\$ 211,542	\$ 243,936	\$ 83,763	\$ -	\$ 2,290,991
Investments	-	-	-	-	3,835	3,835
Receivables, Net	2,116	-	-	29,025	-	506,211
Due from Other Funds	2,513	-	-	182,610	-	192,502
Inventory	-	-	-	-	-	11,768
Total Assets	<u>\$ 13,361</u>	<u>\$ 211,542</u>	<u>\$ 243,936</u>	<u>\$ 295,398</u>	<u>\$ 3,835</u>	<u>\$ 3,005,307</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ -	\$ 10	\$ 16,998	\$ -	\$ 177,121
Due to Other Funds	-	-	-	70,309	-	303,966
Unearned Revenue	-	-	-	29,025	-	117,530
Total Liabilities	-	-	10	116,332	-	598,617
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Long-Term Receivable	-	-	-	-	-	173,021
<b>FUND BALANCE</b>						
Nonspendable	-	-	-	-	3,000	14,768
Restricted	-	211,542	243,926	179,066	835	2,247,286
Committed	13,361	-	-	-	-	135,663
Unassigned	-	-	-	-	-	(164,048)
Total Fund Balances	<u>13,361</u>	<u>211,542</u>	<u>243,926</u>	<u>179,066</u>	<u>3,835</u>	<u>2,233,669</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,361</u>	<u>\$ 211,542</u>	<u>\$ 243,936</u>	<u>\$ 295,398</u>	<u>\$ 3,835</u>	<u>\$ 3,005,307</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds					
	Dog	Highway	School Cafeteria	Police Revolving	Parks and Recreation	Commission on Needs of the Aging
<b>REVENUES</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	266,840	1,362,167	-	-	-
Charges for Services	4,214	-	10,487	352,554	218,149	11,100
Contributions	-	-	-	-	-	4,915
Income from Investments	-	1,656	-	-	-	-
Other Revenues	-	-	3,592	-	1,553	-
Total Revenues	4,214	268,496	1,376,246	352,554	219,702	16,015
<b>EXPENDITURES</b>						
Current:						
General Government	-	-	-	-	-	-
Public Safety	1,069	-	-	485,858	-	-
Public Works	-	134,522	-	-	-	-
Health and Welfare	-	-	-	-	-	11,225
Recreation	-	-	-	-	231,360	-
Education	-	-	1,033,247	-	-	-
Total Expenditures	1,069	134,522	1,033,247	485,858	231,360	11,225
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	3,145	133,974	342,999	(133,304)	(11,658)	4,790
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers Out	-	(150,000)	-	(50,000)	-	-
Total Other Financing Sources (Uses)	-	(150,000)	-	(50,000)	-	-
<b>NET CHANGE IN FUND BALANCE</b>	3,145	(16,026)	342,999	(183,304)	(11,658)	4,790
Fund Balance - Beginning of Year	44,745	1,214,391	82,321	22,197	86,070	(7,731)
<b>FUND BALANCE - END OF YEAR</b>	\$ 47,890	\$ 1,198,365	\$ 425,320	\$ (161,107)	\$ 74,412	\$ (2,941)

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Human Services	Police Department Asset Forfeiture	Student Activities	TIF District	James DeForest Phelps	
<b>REVENUES</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ 188,890	\$ -	\$ 188,890
Intergovernmental	-	-	-	-	-	1,629,007
Charges for Services	-	-	126,875	-	-	723,379
Contributions	19,628	-	-	-	-	24,543
Income from Investments	-	-	-	14	-	1,670
Other Revenues	-	-	-	20,000	-	25,145
Total Revenues	19,628	-	126,875	208,904	-	2,592,634
<b>EXPENDITURES</b>						
Current:						
General Government	-	-	-	75,308	-	75,308
Public Safety	-	32,620	-	-	-	519,547
Public Works	-	-	-	-	-	134,522
Health and Welfare	30,891	-	-	-	-	42,116
Recreation	-	-	-	-	-	231,360
Education	-	-	99,473	-	-	1,132,720
Total Expenditures	30,891	32,620	99,473	75,308	-	2,135,573
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(11,263)	(32,620)	27,402	133,596	-	457,061
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers Out	-	-	-	(74,120)	-	(274,120)
Total Other Financing Sources (Uses)	-	-	-	(74,120)	-	(274,120)
<b>NET CHANGE IN FUND BALANCE</b>	(11,263)	(32,620)	27,402	59,476	-	182,941
Fund Balance - Beginning of Year	24,624	244,162	216,524	119,590	3,835	2,050,728
<b>FUND BALANCE - END OF YEAR</b>	\$ 13,361	\$ 211,542	\$ 243,926	\$ 179,066	\$ 3,835	\$ 2,233,669

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
TAX INCREMENT FINANCING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022  
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues:				
Downtown TIF District	\$ 188,891	\$ 188,891	\$ 208,904	\$ 20,013
Total Revenues	188,891	188,891	208,904	20,013
Expenditures:				
Downtown TIF District	188,891	141,771	75,308	66,463
Total Expenditures	188,891	141,771	75,308	66,463
Excess of revenues over Expenditures	-	47,120	133,596	86,476
Other Financing (Uses):				
Transfer to General Fund	-	(9,120)	(9,120)	-
Transfer to Capital Project Fund	-	(65,000)	(65,000)	-
Total Other Financing (Uses)	-	(74,120)	(74,120)	-
Net Change in Fund Balance	\$ -	\$ (27,000)	59,476	\$ 86,476
Fund Balance at Beginning of Year			119,590	
Fund Balance at End of Year			\$ 179,066	

## **CAPITAL PROJECTS FUND**

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND BY PROJECT  
JUNE 30, 2022**

	Capital Improvements Projects	Capital Projects	WPCA Capital Projects	Total Capital Projects Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,144,095	\$ 16,475,129	\$ 119,000	\$ 19,738,224
Due from Other Funds	66,281	1,050,309	-	1,116,590
Total Assets	<u>\$ 3,210,376</u>	<u>\$ 17,525,438</u>	<u>\$ 119,000</u>	<u>\$ 20,854,814</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 69,769	\$ 195,700	\$ 86,819	\$ 352,288
Due to Other Funds	-	-	769,058	769,058
Total Liabilities	69,769	195,700	855,877	1,121,346
Fund Balances:				
Committed	3,140,607	17,329,738	-	20,470,345
Unassigned	-	-	(736,877)	(736,877)
Total Fund Balances	<u>3,140,607</u>	<u>17,329,738</u>	<u>(736,877)</u>	<u>19,733,468</u>
Total Liabilities and Fund Balances	<u>\$ 3,210,376</u>	<u>\$ 17,525,438</u>	<u>\$ 119,000</u>	<u>\$ 20,854,814</u>



**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUND – BY PROJECT**  
**YEAR ENDED JUNE 30, 2022**

	Capital Improvements Projects	Capital Projects	WPCA Capital Projects	Total Capital Projects Fund
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 1,050,309	\$ -	\$ 1,050,309
Income from Investments	6,271	14,492	2,045	22,808
Other Revenue	1,800	-	-	1,800
Total Revenues	8,071	1,064,801	2,045	1,074,917
<b>EXPENDITURES</b>				
Capital Outlay	980,857	4,124,331	386,317	5,491,505
Debt Service	77,492	-	-	77,492
Total Expenditures	1,058,349	4,124,331	386,317	5,568,997
<b>EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES</b>	(1,050,278)	(3,059,530)	(384,272)	(4,494,080)
<b>OTHER FINANCING USES</b>				
Issuance of Leases	219,308	-	-	219,308
Bond Issuance	-	20,000,000	-	20,000,000
Transfers in	1,308,369	-	620,000	1,928,369
Transfers out	(10,000)	-	-	(10,000)
Total Other Financing Sources	1,517,677	20,000,000	620,000	22,137,677
<b>NET CHANGE IN FUND BALANCES</b>	467,399	16,940,470	235,728	17,643,597
Fund Balance - Beginning of Year	2,673,208	389,268	(972,605)	2,089,871
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,140,607</u>	<u>\$ 17,329,738</u>	<u>\$ (736,877)</u>	<u>\$ 19,733,468</u>

## **OTHER SCHEDULES**

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
SEWER ADMINISTRATION FUND  
REPORT OF SEWER USE CHARGE COLLECTOR  
YEAR ENDED JUNE 30, 2022**

List Year	Uncollected Charges July 1, 2021	Current Year Billings and Adjustments	Adjusted Charges Collectible	Collections			Uncollected Charges June 30, 2022
				Charges	Interest and Lien Fees	Total	
2007	\$ 43	\$ -	\$ 43	\$ -	\$ -	\$ -	\$ 43
2008	190	-	190	-	-	-	190
2009	365	-	365	-	-	-	365
2010	822	-	822	328	513	841	494
2011	1,298	-	1,298	395	806	1,201	903
2012	2,418	-	2,418	478	883	1,361	1,940
2013	4,189	-	4,189	572	1,117	1,689	3,617
2014	6,380	-	6,380	1,316	1,996	3,312	5,064
2015	10,898	-	10,898	2,064	2,806	4,870	8,834
2016	18,473	-	18,473	4,907	4,912	9,819	13,566
2017	27,231	-	27,231	7,583	6,344	13,927	19,648
2018	38,263	-	38,263	9,553	6,580	16,133	28,710
2019	69,207	-	69,207	23,788	11,410	35,198	45,419
2020	159,454	-	159,454	99,340	21,807	121,147	60,114
Total Prior Years	339,231	-	339,231	150,324	59,174	209,498	188,907
2021	-	2,460,823	2,460,823	2,343,436	32,090	2,375,526	117,387
Total	<u>\$ 339,231</u>	<u>\$ 2,460,823</u>	<u>\$ 2,800,054</u>	<u>\$ 2,493,760</u>	<u>\$ 91,264</u>	<u>\$ 2,585,024</u>	<u>\$ 306,294</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**JUNE 30, 2022**

Total Tax Collections (Including Interest and Lien Fees) For 2021 Fiscal Year \$ 38,724,671

Base \$ 38,724,671

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 Times Base	\$ 87,130,510	\$ -	\$ -	\$ -	\$ -
4-1/2 Times Base	-	174,261,020	-	-	-
3-3/4 Times Base	-	-	145,217,516	-	-
3-1/4 Times Base	-	-	-	125,855,181	-
3 Times Base	-	-	-	-	116,174,013
Total Debt Limitation	<u>87,130,510</u>	<u>174,261,020</u>	<u>145,217,516</u>	<u>125,855,181</u>	<u>116,174,013</u>
Indebtedness:					
Bonds and Notes Payable	27,453,089	7,202,058	5,149,853	-	-
Bonds Authorized and Unissued	<u>14,530,000</u>	<u>3,014,691</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Indebtedness	<u>41,983,089</u>	<u>10,216,749</u>	<u>5,149,853</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 45,147,421</u></u>	<u><u>\$ 164,044,271</u></u>	<u><u>\$ 140,067,663</u></u>	<u><u>\$ 125,855,181</u></u>	<u><u>\$ 116,174,013</u></u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$271,072,697).

## STATISTICAL SECTION

TABLE 1

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
PRINCIPAL TAXPAYERS  
YEAR ENDED JUNE 30, 2022**

<u>Name</u>	<u>Nature of Business</u>	<u>Taxable Valuation as of 10/1/19</u>	<u>Percent of Net Taxable Grand List*</u>
United Technologies	Manufacturing	\$ 198,571,160	13.65 %
EAN Holdings LLC/CAMRAC	Car Rental	49,588,808	3.41
Ahlstrom-Munksjo Nonwovens	Manufacturing	44,703,980	3.07
PPF WE 500 North Street	Grocery Wholesaler	38,029,390	2.61
PV Holdings Corporation	Car Rental	35,499,100	2.44
CT Light and Power/Eversource	Utility	29,069,600	2.00
Federal Express Corporation	Freight	25,405,910	1.75
American Honda Motors Co	Parts Distribution Center	22,098,808	1.52
Hertz	Car Rental	21,490,080	1.48
Old County Senior Living	Assisted Living	<u>15,057,042</u>	1.03
Total		<u><u>\$ 479,513,878</u></u>	32.96 %

\* Based on 10/01/20 Net Taxable Grand List of \$1,455,018,810

TABLE 2

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**ASSESSED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS)**  
**(UNAUDITED)**

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							
2022	2020	37.7 %	25.1 %	1.3 %	22.0 %	13.9 %	\$ 1,631,668	\$ 176,649	\$ 1,455,019	(1.6)%
2021	2020	37.4	24.2	1.3	20.5	16.6	1,644,856	165,667	1,479,189	(0.3)
2020	2019	37.4	25.6	1.3	19.6	16.0	1,640,611	157,376	1,483,235	15.5
2019	2018	41.4	22.0	1.2	20.8	14.6	1,415,814	132,080	1,283,734	6.0
2018	2017	42.7	22.4	1.1	20.7	13.2	1,361,693	150,738	1,210,955	(3.8)
2017	2016	40.6	20.1	1.3	22.4	15.7	1,418,126	159,067	1,259,059	6.9
2016	2015	42.9	21.3	1.4	22.4	12.1	1,338,047	160,752	1,177,295	(3.4)
2015	2014	42.0	21.0	-	20.4	15.2	1,364,824	146,477	1,218,347	(4.1)
2014	2013	46.5	22.6	-	18.4	12.5	1,410,980	141,149	1,269,831	0.4
2013	2012	50.6	25.2	-	8.8	15.4	1,386,837	122,058	1,264,779	2.1

Date of Last Revaluation 10/1/18

Based on Assessor Data

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
CURRENT DEBT STATEMENT  
JUNE 30, 2022**

Bonded Debt:	
General Purpose	\$ 27,451,383
Schools	7,204,097
Sewers	5,149,520
Total Bonded Debt	<u>39,805,000</u>
 Total Overall Net Debt	 <u><u>\$ 39,805,000</u></u>

**CURRENT DEBT RATIOS  
FOR THE YEAR ENDED JUNE 30, 2022**

Population, 2021*	12,671
Per Capita Income, 2021**	29,346
Net Taxable Grand List, 10/1/20	1,455,018,810
Estimated Full Value @ 70%	2,078,598,300
Equalized Net Grand List, 2020***	2,357,717,531

	<u>Overall Debt</u>	<u>Overall Net Debt</u>
	\$ 39,805,000	\$ 39,805,000
Per Capita	\$ 3,141.43	\$ 3,141.43
To Net Taxable Grand List	2.74%	2.74%
To Estimated Full Value @ 70%	1.91%	1.91%
To Equalized Net Grand List, 2020	1.69%	1.69%
Ratio of Debt Per Capita to Per Capita Income	10.70%	10.70%

\* Advance CT

\*\* Advance CT

\*\*\* State of Connecticut Office of Policy and Management



TABLE 4

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS)**  
**(UNAUDITED)**

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, 2022
2022	2020	\$ 1,455,019	25.83	\$ 37,559	98.5 %	1.5 %	1.5 %
2021	2019	1,479,189	25.83	37,930	97.4 %	2.5 %	0.8 %
2020	2018	1,154,358	25.83	38,183	96.8 %	3.2 %	0.3 %
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 %	- %
2014	2012	1,269,831	24.54	32,307	98.1 %	1.8 %	- %
2013	2011	1,264,779	24.27	31,296	97.9 %	2.1 %	- %