

TOWN OF WINDSOR LOCKS, CONNECTICUT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Windsor Locks, Connecticut
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, 2023, 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, 2023, 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 for the year ended June 30, 2023 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 for the year ended June 30, 2023 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 for the year ended June 30, 2023 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 and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2023.

We also previously audited, in accordance with GAAS, the basic financial statements of the Town of Windsor Locks, Connecticut as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated March 7, 2023, 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, 2022, 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 2022 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 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 GAAS. 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, 2022.

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 December 29, 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
December 29, 2023

**TOWN OF WINDSOR LOCKS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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, 2023. 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 \$93.0 million (net position). This is a \$1.8 million increase from fiscal year 2022.
- Of this amount, \$8.4 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 \$42.9 million, a decrease of \$1.0 million in comparison with the prior fiscal year.
- At the close of the fiscal year, unassigned fund balance for the General Fund was \$13.10 million, or 21.5% of the total General Fund expenditures and transfers out during fiscal year 2023.
- The change in undesignated fund balance was intentionally reduced by utilization of fund balance for one-time capital expenditures in both the fiscal year 2023 and 2024 budget.

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, 2023**

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 eighteen 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 as RSI 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, 2023**

Fiduciary Funds

The Town maintains two fiduciary funds. 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 and the Montgomery Project Cost Account. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary type funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's current year net position increased by approximately \$1.8 million from fiscal year 2022 to fiscal year 2023. 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	
	2023	2022
Current and Other Assets	\$ 54,051	\$ 57,780
Capital Assets, Net of Accumulated Depreciation	103,283	101,130
Total Assets	<u>157,334</u>	<u>158,910</u>
Deferred Outflows of Resources	<u>7,185</u>	<u>5,788</u>
Long-Term Debt Outstanding	61,788	59,272
Other Liabilities	6,835	5,798
Total Liabilities	<u>68,623</u>	<u>65,070</u>
Deferred Inflows of Resources	<u>2,908</u>	<u>8,423</u>
Net Position:		
Net Investment in Capital Assets	78,920	74,376
Restricted	5,696	4,779
Unrestricted	<u>8,372</u>	<u>12,050</u>
Total Net Position	<u><u>\$ 92,988</u></u>	<u><u>\$ 91,205</u></u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues:		
Charges for Services:	\$ 7,200	\$ 6,303
Operating Grants and Contributions	20,328	15,489
Capital Grants and Contributions	28	1,180
General Revenues:		
Property Taxes	39,817	37,186
Grants and Contributions Not Restricted to Specific Purposes	7,089	6,801
Investment Income (Loss)	1,088	(390)
Miscellaneous	525	165
Total Revenues	<u>76,075</u>	<u>66,734</u>
Expenses:		
General Government	4,126	3,124
Public Safety	8,560	7,216
Public Works	6,110	5,670
Health and Welfare	882	805
Recreation	1,161	1,064
Education	52,106	48,258
Interest on Long-Term Debt	1,347	706
Total Program Expenses	<u>74,292</u>	<u>66,843</u>
Increase (Decrease) in Net Position	<u>\$ 1,783</u>	<u>\$ (109)</u>

Governmental Activities

Approximately 52.3% of the revenues were derived from property taxes, followed by 26.8% from grants and contributions, and 9.5% charges for services. The remaining 11.4% was derived from other types of grants, investment earnings, and miscellaneous revenue.

Major revenue and expenditure factors included:

- An positive impact was seen in investment income due to improving market performance through the fiscal year.
- The Town has funded several American Rescue Plan Act (ARPA) projects to help the community, and is still expending funds for these programs into the next fiscal year.
- During the budget planning process for fiscal year 2023, the Board of Finance proposed utilizing \$500,000 of ARPA funds as a one-time operating revenue to replace estimated lost revenue due to rental car agencies selling off their inventory during COVID. Although most travel has returned to pre-pandemic levels, rental agencies had not been able to restore their full fleet. 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, 2023**

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	
	2023	2022	2023	2022
General Government	\$ 4,126	\$ 3,124	\$ 2,235	\$ 816
Public Safety	8,560	7,216	7,347	6,426
Public Works	6,110	5,670	2,639	2,320
Health and Welfare	882	805	735	699
Recreation	1,161	1,064	913	842
Education	52,106	48,258	31,521	32,062
Interest	1,347	706	1,347	706
Totals	<u>\$ 74,292</u>	<u>\$ 66,843</u>	<u>\$ 46,737</u>	<u>\$ 43,871</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 \$42.9 million, a decrease of approximately \$1.0 million from fiscal year 2022. Approximately \$12.6 million of this total amount constitutes unassigned fund balance, which is available for spending at the Town's discretion. Approximately \$3.0 million is assigned for encumbrances and fiscal year 2024 one-time capital expenses. \$22.4 million is committed for specific uses. The remainder of fund balance, \$5.0 million, is classified as either restricted or non-spendable to indicate that it is not available for liquidation due to external or legislative constraints.

General Fund Budgetary Highlights

The General Fund is the operating fund of the Town. At the end of the current fiscal year, total fund balance and unassigned fund balance of the General Fund was \$16.1 million and \$13.1 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. The 2023 fiscal year end unassigned fund balance represents 22.5% of the Fiscal Year 2024 General Fund expenditures. This is within the range of the Town's fund balance policy target range of 18% to 25%.

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, Town meeting and referendum.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Sewer Administration Fund

The total fund balance decreased by approximately \$1.1 million. This was due to formal action taken by the sewer commission to utilize fund balance to cover the costs of capital project overruns. Income from sewer use charges was relatively flat with investment income rebounding to again have a positive impact on revenues. Expenditures decreased by about 8.1%. The transfers out consisted of approximately \$477 thousand to the General Fund for debt service, \$204 thousand to the General Fund to cover shared operating expenses, and \$1.8 million 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 2023 totaled \$4.4 million.

Fiscal 2023 saw the completion of 2 partial roof replacement projects, one at the High School and one at South School. The Town continued 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 2023 approved road projects included portions of Spring Street. Roadway projects usually span more than one fiscal year, with different phases of current and prior year projects being worked on in the calendar year.

The WPCA operating budget funds capital items accounted for in the WPCA capital fund. Fiscal Year 2023 included funding for an as-needed capital account.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 2023.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, 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.

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

	Governmental Activities	
	2023	2022
Land	\$ 6,512	\$ 6,512
Construction In Progress	11,962	20,035
Land Improvements	1,514	1,586
Buildings	6,402	6,569
Building Improvements	43,147	32,558
Machinery and Equipment	6,649	5,909
Right-to-use Machinery and Equipment	430	560
Vehicles	2,350	2,779
Furniture and Fixtures	1,753	1,560
Infrastructure	22,564	23,062
	<hr/>	<hr/>
Totals	<u>\$ 103,283</u>	<u>\$ 101,130</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

This year's major additions included:

- Dugouts at the middle school for baseball and softball fields
- Gym bleacher replacements at the high school
- Window replacements at the South School
- Partial roof replacement at the High School
- Partial roof replacement at the South School
- Security technology upgrades at the Middle School
- WPCA Plant and pumpstation upgrades

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

Long-Term Debt

As of June 30, 2023, the Town had general obligation bonded debt outstanding of \$37.8 million, with \$2.7 million due within the next year. All debt is backed by the full faith and credit of the Town.

The Town maintains a "AA+" rating from Standard & Poor's Global rating agency for general obligation debt. 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 \$263.9 million State-imposed limit.

The Town's Long-Term Liabilities are comprised of general obligation bonds, capital leases, 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 \$7.5 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 and demand for qualified workers impact decisions made by town officials. Fiscal year 2023 saw the end of many programs that were started under COVID, such as eviction moratoriums, rental assistance, and direct financial assistance to households. The cessation of these programs affected many of our residents. 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 saw a significant decline through the pandemic.

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. Efforts were made to ensure funding was disbursed widely across different demographic populations. 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, 2023**

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, 2023

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 37,423,552
Investments	10,859,066
Receivables, Net	5,436,909
Due From Fiduciary Fund	10,750
Other Assets	99,540
Net OPEB Asset	220,950
Capital Assets:	
Assets Not Being Depreciated	18,473,676
Assets Being Depreciated, Net	84,809,446
Total Assets	<u>157,333,889</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	6,584,216
Deferred Outflows Relates to OPEB	543,426
Deferred Charge on Refunding	57,109
Total Deferred Outflows Of Resources	<u>7,184,751</u>
LIABILITIES	
Accounts and Other Payables	4,034,773
Unearned Revenue	2,799,442
Noncurrent Liabilities:	
Due Within One Year	3,096,603
Due In More Than One Year	58,691,472
Total Liabilities	<u>68,622,290</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to OPEB	1,354,320
Deferred Inflows Related to Pension	1,541,461
Advance Property Tax Collections	12,572
Total Deferred Inflows Of Resources	<u>2,908,353</u>
NET POSITION	
Net Investment In Capital Assets	78,919,520
Restricted:	
Expendable Trusts:	
Nonspendable	3,000
Expendable	835
Public Works	2,338,288
Public Safety	130,827
Education	3,040,768
Other Purposes	182,037
Unrestricted	<u>8,372,722</u>
Total Net Position	<u><u>\$ 92,987,997</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
General Government	\$ 4,126,257	\$ 493,799	\$ 1,396,878	\$ -	\$ (2,235,580)
Public Safety	8,560,049	1,139,753	73,577	-	(7,346,719)
Public Works	6,110,327	3,180,593	263,470	27,489	(2,638,775)
Health and Welfare	882,470	79,821	67,898	-	(734,751)
Recreation	1,160,831	247,287	200	-	(913,344)
Education	52,105,760	2,059,062	18,525,656	-	(31,521,042)
Interest on Long-Term Debt	1,346,541	-	-	-	(1,346,541)
Total Governmental Activities	<u>\$ 74,292,235</u>	<u>\$ 7,200,315</u>	<u>\$ 20,327,679</u>	<u>\$ 27,489</u>	(46,736,752)
GENERAL REVENUES					
Property Taxes					39,817,357
Grants and Contributions Not Restricted to Specific Programs					7,089,280
Unrestricted Investment Earnings					1,088,494
Miscellaneous					524,826
Total General Revenues					<u>48,519,957</u>
CHANGE IN NET POSITION					1,783,205
Net Position - Beginning of Year					<u>91,204,792</u>
NET POSITION - END OF YEAR					<u>\$ 92,987,997</u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Sewer Administration	Capital Projects	Special Grants	Special Education Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 7,328,414	\$ 1,286,979	\$ 21,247,526	\$ 30,016	\$ 3,956,910	\$ 1,992,001	\$ 35,841,846
Investments	9,516,819	1,342,247	-	-	-	-	10,859,066
Receivables, Net	1,969,975	492,874	1,022,982	173,190	252,024	880,548	4,791,593
Due from Other Funds	3,286,026	-	368,811	2,970,807	-	260,873	6,886,517
Other Assets	78,968	-	-	-	11,295	9,277	99,540
Total Assets	<u>\$ 22,180,202</u>	<u>\$ 3,122,100</u>	<u>\$ 22,639,319</u>	<u>\$ 3,174,013</u>	<u>\$ 4,220,229</u>	<u>\$ 3,142,699</u>	<u>\$ 58,478,562</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts and Other Payables	\$ 1,237,672	\$ 186,527	\$ 1,155,417	\$ 8,722	\$ 36,026	\$ 215,815	\$ 2,840,179
Due to Other Funds	3,231,665	691,567	-	-	1,437,984	669,199	6,030,415
Unearned Revenue	-	-	-	2,545,634	143,586	110,222	2,799,442
Total Liabilities	<u>4,469,337</u>	<u>878,094</u>	<u>1,155,417</u>	<u>2,554,356</u>	<u>1,617,596</u>	<u>995,236</u>	<u>11,670,036</u>
DEFERRED INFLOWS OF RESOURCES							
Advance Property Tax Collections	12,324	248	-	-	-	-	12,572
Unavailable Revenue - Property Taxes	1,030,841	-	-	-	-	-	1,030,841
Unavailable Revenue - Long-Term Receivable	550,242	170,721	1,022,982	140,911	79,246	572,688	2,536,790
Unavailable Revenue - Special Assessments	-	291,232	-	-	-	-	291,232
Total Deferred Inflows of Resources	<u>1,593,407</u>	<u>462,201</u>	<u>1,022,982</u>	<u>140,911</u>	<u>79,246</u>	<u>572,688</u>	<u>3,871,435</u>
FUND BALANCES							
Nonspendable	78,968	-	-	-	-	12,277	91,245
Restricted	-	-	-	478,746	2,523,387	1,884,717	4,886,850
Committed	-	1,781,805	20,460,920	-	-	134,435	22,377,160
Assigned	3,007,429	-	-	-	-	-	3,007,429
Unassigned	13,031,061	-	-	-	-	(456,654)	12,574,407
Total Fund Balances	<u>16,117,458</u>	<u>1,781,805</u>	<u>20,460,920</u>	<u>478,746</u>	<u>2,523,387</u>	<u>1,574,775</u>	<u>42,937,091</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,180,202</u>	<u>\$ 3,122,100</u>	<u>\$ 22,639,319</u>	<u>\$ 3,174,013</u>	<u>\$ 4,220,229</u>	<u>\$ 3,142,699</u>	<u>\$ 58,478,562</u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023**

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)	\$ 42,937,091
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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	169,626,611
Less: Accumulated Depreciation	(66,343,489)
Net Capital Assets	103,283,122

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property Tax Receivables Greater than 60 Days	1,030,841
Net OPEB Asset	220,950
Interest and Lien Receivable on Property Taxes	506,527
Assessments Receivable	291,232
Interest and Lien Receivable on Assessments	170,721
Other Unavailable Receivables	1,859,542
Deferred Outflows Related to Pension	6,584,216
Deferred Outflows Related to OPEB	543,426

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.

756,876

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

Bonds and Notes Payable	(37,815,000)
Bond Premiums	(1,238,887)
Interest Payable on Bonds and Notes	(569,800)
Compensated Absences	(1,085,665)
Finance Arraignments	(117,918)
Lease Liability	(438,900)
Net Pension Liability	(20,397,284)
Contingent Liability	(169,421)
Deferred Inflows Related to Pension	(1,541,461)
Deferred Inflows Related to OPEB	(1,354,320)
Claims Payable	(525,000)
Deferred Charge on Refunding	57,109

Net Position of Governmental Activities (Exhibit I)	\$ 92,987,997
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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, 2023

	General	Sewer Administration	Capital Projects	Special Grants	Special Education Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 39,465,426	\$ -	\$ -	\$ -	\$ -	\$ 201,661	\$ 39,667,087
Intergovernmental	17,732,911	-	-	1,250,388	4,553,519	1,301,899	24,838,717
Charges for Services	1,124,860	2,622,202	-	-	1,875,738	1,204,596	6,827,396
Contributions	-	-	-	24,962	-	20,218	45,180
Income on Investments	349,974	28,046	679,376	13	-	22,355	1,079,764
Other Revenues	528,591	-	-	-	-	12,830	541,421
Total Revenues	<u>59,201,762</u>	<u>2,650,248</u>	<u>679,376</u>	<u>1,275,363</u>	<u>6,429,257</u>	<u>2,763,559</u>	<u>72,999,565</u>
EXPENDITURES							
Current:							
General Government	2,315,108	-	-	214,725	-	198,707	2,728,540
Public Safety	5,596,702	-	-	671,410	-	1,032,804	7,300,916
Public Works	2,953,146	1,517,375	-	28,121	-	280,536	4,779,178
Health and Welfare	528,587	-	-	249,005	-	37,731	815,323
Recreation	758,926	-	-	152,005	-	255,664	1,166,595
Employee Benefits and Insurance	4,249,669	-	-	-	-	-	4,249,669
Education	38,139,982	-	-	9,756	5,673,624	1,417,011	45,240,373
Capital Outlay	-	-	4,421,781	-	-	-	4,421,781
Debt Service	3,308,421	-	-	-	-	-	3,308,421
Total Expenditures	<u>57,850,541</u>	<u>1,517,375</u>	<u>4,421,781</u>	<u>1,325,022</u>	<u>5,673,624</u>	<u>3,222,453</u>	<u>74,010,796</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,351,221	1,132,873	(3,742,405)	(49,659)	755,633	(458,894)	(1,011,231)
OTHER FINANCING SOURCES (USES)							
Transfers In	881,013	-	4,469,857	303,000	-	-	5,653,870
Transfers Out	(3,201,845)	(2,252,025)	-	-	-	(200,000)	(5,653,870)
Total Other Financing Sources (Uses)	<u>(2,320,832)</u>	<u>(2,252,025)</u>	<u>4,469,857</u>	<u>303,000</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(969,611)	(1,119,152)	727,452	253,341	755,633	(658,894)	(1,011,231)
Fund Balances - Beginning of Year	<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>
FUND BALANCES - END OF YEAR	<u>\$ 16,117,458</u>	<u>\$ 1,781,805</u>	<u>\$ 20,460,920</u>	<u>\$ 478,746</u>	<u>\$ 2,523,387</u>	<u>\$ 1,574,775</u>	<u>\$ 42,937,091</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, 2023**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net Change In Fund Balances - Total Governmental Funds (Exhibit Iv)	\$	(1,011,231)
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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		5,592,774
Depreciation Expense		(3,284,896)

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.		(155,230)
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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		61,882
Property Tax Interest and Lien Receivable - Accrual Basis Change		88,388
Sewer Use Receivable - Accrual Basis Change		20,916
Sewer Use Interest and Lien Receivable - Accrual Change		13,034
Other Unavailable Receivable - Accrual Basis Change		1,324,207

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

Bond and Note Principal Payments		1,990,000
Lease Payable Payments		123,668
Finance Arraignments Payments		140,271

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		(37,338)
Change In Deferred Inflows Related to Pensions		5,404,756
Change In Deferred Inflows Related to OPEB		86,415
Accrued Interest		(305,494)
Amortization Of Bond Premiums		163,668
Amortization Of Deferred Charge on Refunding		(26,565)
Contingent Liability		741,991
Heart and Hypertension Claims		(25,000)
Net OPEB Liability		75,131
Net Pension Liability		(9,688,404)
Net OPEB Asset		220,950
Change In Deferred Outflows Related to Pensions		1,668,082
Change In Deferred Outflows Related to OPEB		(244,461)

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)	\$	1,783,205
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See accompanying Notes to Financial Statements.

TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Governmental Activities <hr/> Internal Service Fund <hr/>
ASSETS	
Current:	
Cash and Cash Equivalents	\$ 1,581,706
Accounts Receivable	645,316
Due from Other Funds	17,509
Total Assets	<hr/> 2,244,531 <hr/>
LIABILITIES	
Accounts Payable	167,794
Claims Payable	457,000
Due to Other Funds	862,861
Total Liabilities	<hr/> 1,487,655 <hr/>
NET POSITION	
Unrestricted	<hr/> <hr/> \$ 756,876 <hr/> <hr/>

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, 2023

	Governmental Activities <u>Internal Service Fund</u>
OPERATING REVENUES	
Premiums	\$ 5,531,303
OPERATING EXPENSES	
Claims	6,499,898
Administration	<u>194,444</u>
Total Operating Expenses	<u>6,694,342</u>
OPERATING LOSS	(1,163,039)
NONOPERATING REVENUE	
Income on Investments	<u>8,730</u>
CHANGE IN NET POSITION	(1,154,309)
Net Position - Beginning of Year	<u>1,911,185</u>
NET POSITION - END OF YEAR	<u><u>\$ 756,876</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023**

	Governmental Activities <u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers and Users	\$ 6,433,035
Cash Payments to Providers of Benefits and Administration	<u>(5,973,341)</u>
Net Cash Provided by Operating Activities	459,694
CASH FLOWS FROM INVESTING ACTIVITIES	
Income on Investments	<u>8,730</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	468,424
Cash and Cash Equivalents - Beginning of Year	<u>1,113,282</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,581,706</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	(1,163,039)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
(Increase) Decrease in Due from Other Funds	\$ 393,159
(Increase) Decrease in Accounts Receivable	508,573
Increase (Decrease) in Claims and Accounts Payable	(141,329)
Increase (Decrease) in Due to Other Funds	862,330
Net Cash Provided by Activities	<u><u>\$ 459,694</u></u>

See accompanying Notes to Financial Statements.

TOWN OF WINDSOR LOCKS, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	OPEB Trust Fund	Custodial Fund Montgomery Project
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 3,729
Investments	4,171,670	-
Accounts Receivable	3,448	15,225
Total Assets	<u>4,175,118</u>	<u>18,954</u>
LIABILITIES		
Accounts and Other Payables	8,120	3,729
Unearned Revenue	11,836	-
Due to Other Funds	10,750	-
Total Liabilities	<u>30,706</u>	<u>3,729</u>
NET POSITION		
Fiduciary Deposits	-	15,225
Restricted for OPEB Benefits	<u>4,144,412</u>	<u>-</u>
Total Net Position	<u>\$ 4,144,412</u>	<u>\$ 15,225</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, 2023**

	OPEB Trust Fund	Custodial Fund Montgomery Project
ADDITIONS:		
Contributions:		
Employer	\$ 103,385	\$ -
TRB Subsidy	62,196	-
Other Income	-	15,225
Total Contributions	<u>165,581</u>	<u>15,225</u>
Investment Income:		
Net Change in Fair Value of Investments	<u>419,292</u>	<u>-</u>
Total Additions	584,873	15,225
DEDUCTIONS:		
Benefits	<u>131,656</u>	<u>-</u>
CHANGE IN NET POSITION	453,217	15,225
Net Position - Beginning of Year	<u>3,691,195</u>	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ 4,144,412</u></u>	<u><u>\$ 15,225</u></u>

See accompanying Notes to Financial Statements.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 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 the 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, 2023

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, 2023

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, 2023

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.

Custodial Fund

The Montgomery Project accounts for monies held on behalf of others.

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, 2023

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, except for Certificates of Deposit reported at amortized cost.

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 \$140,532 has been established as an allowance for uncollectible taxes. At June 30, 2023, this represents 10.64% of all property taxes receivable.

In the fund financial statements, all property taxes receivable at June 30, 2023, 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, 2023

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
Furniture and Fixtures	8 to 20 Years
Machinery and 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, 2023

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.

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.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources (Continued)

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.

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.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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."

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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.

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

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangement*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Adoption of New Accounting Standards (Continued)

The Town adopted the requirements of the guidance effective July 1, 2022 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.

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, 2023, the Town approved additional appropriations of \$2,878,845 for various capital projects.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

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 and the Commission on Needs of the Aging, nonmajor special revenue funds, had fund deficits of \$451,061 and \$5,593, respectively, which will be financed by charges for services and donations.

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.

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

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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*, \$11,465,608 of the Town's bank balance of \$18,638,083 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 10,269,047
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in The Town's Name	1,196,561
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 11,465,608</u></u>

Cash Equivalents

At June 30, 2023, the Town's cash equivalents amounted to \$25,918,349. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

*Not Rated

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Investments

As of June 30, 2023, 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	\$ 110,908	\$ -	\$ 110,908	\$ -
Corporate Bonds	Aa1	447,090	-	447,090	-
Corporate Bonds	Aa3	461,630	-	461,630	-
Corporate Bonds	A1	493,615	-	493,615	-
U.S. Government Agencies	Aaa	1,149,336	915,476	233,860	-
Certificates of Deposit	*	8,196,487	2,212,001	5,984,486	-
		10,859,066	\$ 3,127,477	\$ 7,731,589	\$ -
Other Investments:					
Mutual Funds	n/a	4,171,670			
Total Investments		\$ 15,030,736			

*Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk

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

Credit Risk - Investments

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2023, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent, that were not in the Town's name.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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, 2023:

	June 30, 2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Corporate Bonds	\$ 1,513,243	\$ 1,513,243	\$ -	\$ -
U.S. Government Agencies	1,149,336	1,149,336	-	-
Mutual Funds	4,171,670	4,171,670	-	-
Total Investments by Fair Value Level	6,834,249	\$ 6,834,249	\$ -	\$ -
 Total Investments Measured at Fair Value	6,834,249			
 Investments Measured at Amortized Cost:				
Certificates of Deposit	8,196,487			
Total Investments	<u>\$ 15,030,736</u>			

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

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	Capital Projects	Special Grants	Special Education Grants	Nonmajor and Other Funds	Total
Receivables:							
Taxes	\$ 1,320,368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,320,368
Interest	506,527	170,721	-	-	-	-	677,248
Accounts	57,897	3,736	1,022,982	-	-	1,383,321	2,467,936
Sewer Use	-	322,917	-	-	-	-	322,917
Intergovernmental	225,715	-	-	173,190	252,024	145,991	796,920
Gross Receivables	2,110,507	497,374	1,022,982	173,190	252,024	1,529,312	5,585,389
Less: Allowance for Uncollectibles	(140,532)	(4,500)	-	-	-	-	(145,032)
Total Receivables, Net	<u>\$ 1,969,975</u>	<u>\$ 492,874</u>	<u>\$ 1,022,982</u>	<u>\$ 173,190</u>	<u>\$ 252,024</u>	<u>\$ 1,529,312</u>	<u>\$ 5,440,357</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 6,511,636	\$ -	\$ -	\$ -	\$ 6,511,636
Construction In Progress	20,033,664	(12,889,283)	4,817,659	-	11,962,040
Total Capital Assets Not Being Depreciated	26,545,300	(12,889,283)	4,817,659	-	18,473,676
Capital Assets Being Depreciated:					
Buildings	15,421,882	40,250	-	-	15,462,132
Building Improvements	48,754,749	11,635,726	49,000	-	60,439,475
Land Improvements	3,183,912	16,098	14,150	-	3,214,160
Machinery and Equipment	18,523,035	820,552	626,125	-	19,969,712
Right-to-use Machinery and Equipment	682,005	-	-	-	682,005
Vehicles	7,290,176	-	85,840	(625,143)	6,750,873
Furniture and Fixtures	1,969,760	296,657	-	-	2,266,417
Infrastructure	42,288,161	80,000	-	-	42,368,161
Total Capital Assets Being Depreciated	138,113,680	12,889,283	775,115	(625,143)	151,152,935
Less: Accumulated Depreciation/Amortization for:					
Buildings	(8,852,705)	-	(207,096)	-	(9,059,801)
Building Improvements	(16,196,429)	-	(1,096,149)	-	(17,292,578)
Land Improvements	(1,597,494)	-	(102,213)	-	(1,699,707)
Machinery and Equipment	(12,613,937)	-	(706,634)	-	(13,320,571)
Right-to-use Machinery and Equipment	(121,849)	-	(129,667)	-	(251,516)
Vehicles	(4,510,786)	-	(360,038)	469,913	(4,400,911)
Furniture and Fixtures	(409,642)	-	(104,204)	-	(513,846)
Infrastructure	(19,225,664)	-	(578,895)	-	(19,804,559)
Total Accumulated Depreciation/Amortization	(63,528,506)	-	(3,284,896)	469,913	(66,343,489)
Total Capital Assets Being Depreciated/Amortized, Net	74,585,174	12,889,283	(2,509,781)	(155,230)	84,809,446
Governmental Activities Capital Assets, Net	\$ 101,130,474	\$ -	\$ 2,307,878	\$ (155,230)	\$ 103,283,122

Depreciation expense was charged to functions/programs as follows:

General Government	\$ 224,550
Public Safety	386,774
Public Works	1,298,700
Recreation	52,397
Education	1,322,475
Total	<u>\$ 3,284,896</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2023 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Sewer Administration Fund	\$ 322,756
	Special Education Grants Fund	1,437,984
	OPEB Trust Fund	1,240
	Internal Service Funds	862,861
	Nonmajor Governmental Funds	661,185
		<u>3,286,026</u>
Capital Projects Fund	Sewer Administration Fund	368,811
Special Grants Fund	General Fund	2,970,792
	Nonmajor Governmental Funds	15
		<u>2,970,807</u>
Nonmajor Governmental Funds	General Fund	260,873
Internal Service Fund	Nonmajor Governmental Funds	7,999
	OPEB Trust Fund	9,510
		<u>17,509</u>
Total		<u><u>\$ 6,904,026</u></u>

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

	Transfers In			
	General Fund	Capital Projects	Special Grants	Total Transfers Out
Transfers Out:				
General Fund	\$ -	\$ 2,898,845	\$ 303,000	\$ 3,201,845
Sewer Administration Fund	681,013	1,571,012	-	2,252,025
Nonmajor Governmental	200,000	-	-	200,000
Total Transfers Out	<u>\$ 881,013</u>	<u>\$ 4,469,857</u>	<u>\$ 303,000</u>	<u>\$ 5,653,870</u>

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

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Serial Notes Payable:					
General Obligation Bonds	\$ 39,805,000	\$ -	\$ 1,990,000	\$ 37,815,000	\$ 2,685,000
Bond Premiums	1,402,555	-	163,668	1,238,887	-
Total	41,207,555	-	2,153,668	39,053,887	2,685,000
Direct Borrowings:					
Finance Arrangements	258,189	-	140,271	117,918	117,918
Lease Liability	562,568	-	123,668	438,900	102,399
Brownfield Note Payable	4,000,000	-	4,000,000	-	-
Net Pension Liability	10,708,880	9,688,404	-	20,397,284	-
Net OPEB Liability	75,131	-	75,131	-	-
Compensated Absences	1,048,327	66,252	28,914	1,085,665	191,286
Contingent Liability	911,412	-	741,991	169,421	-
Claims Payable	500,000	25,000	-	525,000	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 59,272,062</u>	<u>\$ 9,779,656</u>	<u>\$ 7,263,643</u>	<u>\$ 61,788,075</u>	<u>\$ 3,096,603</u>

The following is a summary of bond and note issues at June 30, 2023:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2023
Bonds/Notes:					
Town:					
Refunding Bond	7/1/2014	8/1/2024	2.0-3.0	\$ 3,400,000	\$ 441,458
General Obligation	3/16/2016	3/15/2036	2.0-4.0	2,941,500	1,906,585
General Obligation	3/13/2018	3/15/2038	3.0-4.0	1,841,000	1,249,125
General Obligation	3/6/2020	10/1/2039	2.0-4.0	3,992,000	3,049,562
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	413,542
General Obligation	3/16/2016	3/15/2036	2.0-4.0	6,608,500	4,283,415
General Obligation	3/13/2018	3/15/2038	3.0-4.0	1,419,000	962,796
General Obligation	3/6/2020	10/1/2039	2.0-4.0	1,078,000	823,504
Sewer:					
General Obligation	3/13/2018	3/15/2038	3.0-4.0	4,625,000	3,138,079
General Obligation	3/6/2020	10/1/2039	2.0-4.0	2,025,000	1,546,934
Total					<u>\$ 37,815,000</u>

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

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities (Continued)

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

<u>Year Ending June 30,</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
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	2,270,000	1,055,394
2029-2033	8,665,000	4,212,193
2034-2038	7,130,000	2,659,779
2039-2043	3,650,000	1,669,088
2044-2048	3,450,000	950,506
2049-2052	2,750,000	233,325
Total	<u>\$ 37,815,000</u>	<u>\$ 15,869,686</u>

Capital Projects

As of June 30, 2023, the Town had authorized unissued bonds of \$24,225,000 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	\$ 84,816,324	\$ 41,176,730	\$ 43,639,594
Schools	169,632,648	9,497,948	160,134,700
Sewers	141,360,540	4,685,013	136,675,527
Urban Renewal	122,512,468	-	122,512,468
Pension Deficit	113,088,432	-	113,088,432

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$263.9 million.

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

Finance Arrangements

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

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 LONG-TERM DEBT (CONTINUED)

Finance Arrangements (Continued)

The following is a schedule of the future payments under these arrangements as of June 30, 2023:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 117,918	\$ 2,424	\$ 120,342

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>
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	\$ 438,900	\$ 2,446	\$ 441,346

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 FUND BALANCE

The components of fund balance for governmental funds at June 30, 2023 are as follows:

	General Fund	Sewer Administration Fund	Capital Projects Fund	Special Grants Fund	Education Special Grants	Nonmajor Governmental Funds	Total
Fund Balances:							
Nonspendable:							
Endowment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000
Inventories	-	-	-	-	-	9,277	9,277
Prepays	78,968	-	-	-	-	-	78,968
Restricted for:							
Highway Projects	-	-	-	-	-	1,053,637	1,053,637
Grants	-	-	-	478,746	2,523,387	459,665	3,461,798
Student Activities	-	-	-	-	-	188,543	188,543
Tif District	-	-	-	-	-	182,872	182,872
Committed to:							
Sewer Use	-	1,781,805	-	-	-	-	1,781,805
Capital Projects	-	-	20,460,920	-	-	-	20,460,920
Public Safety	-	-	-	-	-	51,411	51,411
Health and Welfare	-	-	-	-	-	19,843	19,843
Recreation	-	-	-	-	-	63,181	63,181
Assigned to:							
Capital Improvements	1,602,280	-	-	-	-	-	1,602,280
Tax Stabilization	1,400,000	-	-	-	-	-	1,400,000
Education - Encumbrances	5,149	-	-	-	-	-	5,149
Unassigned	13,031,061	-	-	-	-	(456,654)	12,574,407
Total Fund Balances	<u>\$ 16,117,458</u>	<u>\$ 1,781,805</u>	<u>\$ 20,460,920</u>	<u>\$ 478,746</u>	<u>\$ 2,523,387</u>	<u>\$ 1,574,775</u>	<u>\$ 42,937,091</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2022 to June 30, 2023.

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
2021-2022	\$ 359,300	\$ 5,902,594	\$ 5,616,894	\$ 645,000
2022-2023	645,000	6,499,898	6,687,898	457,000

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 RISK MANAGEMENT (CONTINUED)

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.

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
2021-2022	\$ 368,500	\$ 131,500	\$ -	\$ 500,000
2022-2023	500,000	25,000	-	525,000

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.

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, 2023

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, 2023

NOTE 10 PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

C. Contributions

Member

Contributions for members not covered by social security are 7% of compensation; for members covered by social security, 4.25% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base. Effective July 1, 2019, member contribution rates are set to increase by 0.5% of compensation each year for six years.

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. The Town's required contribution rate for the year ended June 30, 2023, was 23.11% percent of annual payroll for Police and 12.55% for all others. Contributions to the pension plan from the Town were \$1,093,142 for the year ended June 30, 2023.

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

At June 30, 2023, the Town reports a liability of \$20,397,284 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2022. The actuarial assumptions used in the June 30, 2022 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, 2023, the Town's proportion was 1.48%. The decrease in proportion from the prior year was 0.03%.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

For the year ended June 30, 2023, the Town recognized pension expense of \$4,148,454. At June 30, 2023, 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	\$ 2,968,940	\$ -
Change in Proportionate Share	480,328	768,249
Net Difference Between Projected and Actual Actuarial Experience	2,041,806	773,212
Town Contributions Subsequent to the Measurement Date	1,093,142	-
Total	<u>\$ 6,584,216</u>	<u>\$ 1,541,461</u>

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>
2024	\$ 678,750
2025	738,966
2026	533,132
2027	1,998,765

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, 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

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

E. Actuarial Assumptions (Continued)

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%.

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
Global Equity	37.0 %	6.9 %
Public Credit	2.0	2.9
Core Fixed Income	13.0	0.4
Liquidity Fund	1.0	(0.4)
Risk Mitigation	5.0	1.0
Private Equity	15.0	11.2
Private Credit	10.0	6.2
Real Estate	10.0	6.3
Infrastructure and Natural Resources	7.0	7.7
Total	100.0 %	

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

F. Discount Rate

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

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

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

	One Percent Decrease (6.00%)	Current Discount Rate (7.00%)	One Percent Increase (8.00%)
Town's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 28,203,522</u>	<u>\$ 20,397,284</u>	<u>\$ 13,848,759</u>

H. Contingent Liability

The Town discovered an error on the reporting of pension deductions for employees enrolled in the Police and Town divisions of MERS. Deductions were incorrectly reported as pre-tax instead of post-tax on employee W2s. The Town contracted with legal counsel to help guide the correction process and subsequently issued W-2c for all affected active and former employees. The Town has allocated funds to reimburse employees for back due tax as well as any penalties and interest that have been incurred. With the assistance of counsel, the Town estimated a total liability for incurred costs associated with this error. The amount reported of \$169,421 is the remaining balance at fiscal year end that has not yet been paid to employees or counsel. The error did not include any Board of Education divisions.

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.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 PENSION PLANS (CONTINUED)

Connecticut Teachers' Retirement System – Pension (Continued)

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

For the year ended June 30, 2023, the amount of "on-behalf" contributions made by the State was \$5,593,151 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 PENSION PLANS (CONTINUED)

Connecticut Teachers' Retirement System – Pension (Continued)

C. Contributions (Continued)

Employees

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

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

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

At June 30, 2023, 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	70,940,599
Total	<u><u>\$ 70,940,599</u></u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to the measurement date. At June 30, 2023, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2023, the Town recognized pension expense and revenue of \$6,856,488 in Exhibit II.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 PENSION PLANS (CONTINUED)

Connecticut Teachers' Retirement System – Pension (Continued)

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, 2022 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

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:

- Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

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, 2023

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	5.4 %	20.0 %
Developed Market Intl. Stock Fund	6.4	11.0
Emerging Market Intl. Stock Fund	8.6	9.0
Core Fixed Income Fund	0.8	13.0
Private Credit	6.5	5.0
Emerging Market Debt Fund	3.8	5.0
High Yield Bond Fund	3.4	3.0
Real Estate Fund	5.2	19.0
Private Equity	9.4	10.0
Alternative Investments	3.1	3.0
Liquidity Fund	(0.4)	2.0
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, 2023**

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.

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 \$11,004,942 related to pension plans as of and for the year ended June 30, 2023.

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, 2023**

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	341

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, 2023

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Retiree Health Plan (Continued)

D. Investments (Continued)

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 17.38%. 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, 2023. The components of the net OPEB liability of the Town at June 30, 2023 were as follows:

Total OPEB Liability	\$ 3,923,462
Plan Fiduciary Net Position	4,144,412
Net OPEB Liability (Asset)	<u>\$ (220,950)</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	105.63%
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Actuarial Assumptions

The total OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2023, 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, 2023.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023 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, 2023

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, 2022	\$ 3,766,326	\$ 3,691,195	\$ 75,131
Changes for the Year:			
Service Cost	143,321	-	143,321
Interest on Total OPEB Liability	240,301	-	240,301
Differences Between Expected and Actual Experience	(94,830)	-	(94,830)
Changes In Assumptions	-	-	-
Employer Contributions	-	103,385	(103,385)
Contributions -TRB Subsidy	-	62,196	(62,196)
Net Investment Income (Loss)	-	419,292	(419,292)
Benefit Payments	(131,656)	(131,656)	-
Net Changes	157,136	453,217	(296,081)
Balances As of June 30, 2023	<u>\$ 3,923,462</u>	<u>\$ 4,144,412</u>	<u>\$ (220,950)</u>

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

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

	One Percent Decrease (5.25%)	Current Discount Rate (6.25%)	One Percent Increase (7.25%)
Net OPEB Liability (Asset)	<u>\$ 122,438</u>	<u>\$ (220,950)</u>	<u>\$ (526,580)</u>

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:

	One Percent Decrease (5.5% Decreasing to 3.4%)	Healthcare Cost Trend Rates (6.5% Decreasing to 4.40%)	One Percent Increase (7.5% Decreasing to 5.4%)
Net OPEB Liability (Asset)	<u>\$ (654,216)</u>	<u>\$ (220,950)</u>	<u>\$ 284,837</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Retiree Health Plan (Continued)

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$(34,650). At June 30, 2023, 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	\$ 349,410	\$ 1,352,012
Changes In Assumptions	150,486	2,308
Differences Between Projected and Actual Earnings on OPEB Plan Investments	- 43,530	- -
Total	<u>\$ 543,426</u>	<u>\$ 1,354,320</u>

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>
2024	\$ (137,401)
2025	(163,076)
2026	4,322
2027	(163,239)
2028	(125,731)
Thereafter	(225,769)

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.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Teachers' Retirement Plan – OPEB (Continued)

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 \$220 per month for a retired member plus an additional \$220 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. A subsidy amount of \$440 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 \$440 per month towards coverage under a local school district plan.

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

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

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$220 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Teachers' Retirement Plan – OPEB (Continued)

C. Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

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

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Teachers' Retirement Plan – OPEB (Continued)

D. Contributions (Continued)

Employer (School Districts)

School District employers are not required to make contributions to the plan. For the year ended June 30, 2023, the amount of "on-behalf" contributions made by the State was \$79,109 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, 2023, 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	6,212,769
Total	<u><u>\$ 6,212,769</u></u>

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2022. At June 30, 2023, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2023, the Town recognized OPEB expense and revenue of \$374,490 in Exhibit II.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Teachers' Retirement Plan – OPEB (Continued)

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Health Care Costs Trend Rate	Known Increases Until Calendar Year 2024 then General Trend Decreasing to an Ultimate Rate of 4.5% by 2031
Salary Increases	3.00-6.50%, Including Inflation
Investment Rate of Return	3.53%, Net of OPEB Plan Investment Expense, Including Inflation
Year Fund Net Position will be Depleted	2027

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, 2022 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 2.17% to 3.53%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated;
- Long-term health care cost trend rates were updated; and
- The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience

The changes in the benefit terms since the prior year are as follows:

- There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.

TOWN OF WINDSOR LOCKS, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 (0.98%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.53%. 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, 2022.

In addition to the actuarial methods and assumptions of the June 30, 2022 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 2027 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, 2023

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.

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 \$339,840 related to OPEB plans as of and for the year ended June 30, 2023.

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, 2023
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Property Taxes:				
Current Taxes	\$ 36,171,789	\$ 36,171,789	\$ 37,122,242	\$ 950,453
Supplemental Taxes	1,200,000	1,200,000	1,533,135	333,135
Prior Year Taxes	500,000	500,000	451,012	(48,988)
Interest and Lien Fees	250,000	250,000	285,629	35,629
Telephone Access Line	30,000	30,000	36,766	6,766
Housing Authority in Lieu of Tax	39,000	39,000	36,642	(2,358)
Total Property Taxes	38,190,789	38,190,789	39,465,426	1,274,637
Intergovernmental:				
General Government:				
In Lieu of Tax, State Property	148,654	148,654	151,699	3,045
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	81,258	81,258	-	(81,258)
Veterans' Exemptions	6,000	6,000	5,607	(393)
Office of Emergency Management	6,200	6,200	-	(6,200)
ARPA Reduced Revenue Replacement	500,000	500,000	-	(500,000)
Off Track Betting/Teletheater	250,000	250,000	288,204	38,204
Mashantucket Pequot/Mohegan Grant	387,713	387,713	387,713	-
Municipal Grant-in-Aid	2,784,595	2,784,595	2,784,595	-
Municipal Revenue Sharing	-	-	254,551	254,551
Senior Center Transportation Grant	14,368	14,368	14,368	-
Municipal Stabilization Grant	150,166	150,166	150,116	(50)
Youth Services	14,186	14,186	14,102	(84)
Total General Government	7,663,325	7,663,325	7,371,268	(292,057)
Education:				
Educational Cost Sharing	4,652,368	4,652,368	4,654,697	2,329
Total Education	4,652,368	4,652,368	4,654,697	2,329
Total Intergovernmental	12,315,693	12,315,693	12,025,965	(289,728)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Charges for Services:				
Conveyance Tax	\$ 130,000	\$ 130,000	\$ 212,616	\$ 82,616
Town Clerk's Office	100,000	100,000	85,943	(14,057)
Building Permits	310,000	310,000	502,399	192,399
Blight Fees	5,000	5,000	16,584	11,584
Zoning Board of Appeals	1,000	1,000	881	(119)
Planning and Zoning	4,000	4,000	9,975	5,975
Other Licenses and Permits	10,000	10,000	8,630	(1,370)
Trash Haulers Permits	6,000	6,000	2,500	(3,500)
Assessors Office	50	50	580	530
Inland Wetland Fees	1,000	1,000	1,281	281
Fire Marshall Application Fees	40,000	40,000	61,271	21,271
Fire Department Private Duty	-	-	12,000	12,000
Tobacco Valley Probate Cost Share	18,165	18,165	12,886	(5,279)
Superior Court	7,000	7,000	17,565	10,565
Parking Tickets	4,000	4,000	2,075	(1,925)
Airplane Registration Fees	57,700	57,700	65,200	7,500
Police Accident Reports	2,000	2,000	2,400	400
Senior Citizen Mini-Bus Fee	3,500	3,500	3,025	(475)
Rent from Schools	1,000	1,000	720	(280)
Tower Rental	114,000	114,000	106,329	(7,671)
Total Charges for Services	814,415	814,415	1,124,860	310,445
Investment Income:				
Income on Investments	100,000	100,000	349,974	249,974
Other Revenues:				
Miscellaneous Receipts	30,000	30,000	47,144	17,144
Recycling Program	5,000	5,000	6,968	1,968
PA 21-58 Nip Fees	33,000	33,000	34,686	1,686
Workers' Compensation	50,000	50,000	474,479	424,479
Total Other Revenues	118,000	118,000	563,277	445,277
Total Revenues	51,538,897	51,538,897	53,529,502	1,990,605

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Other Financing Sources:				
Transfers from Other Funds:				
Sewer Administration Fund	\$ 651,897	\$ 651,897	\$ 681,013	\$ 29,116
Highway	150,000	150,000	150,000	-
Police Reimbursement	50,000	50,000	50,000	-
James Deforest Phelps Fund	3	3	-	(3)
Total Other Financing Sources	<u>851,900</u>	<u>851,900</u>	<u>881,013</u>	<u>29,113</u>
 Total	<u>\$ 52,390,797</u>	<u>\$ 52,390,797</u>	54,410,515	<u>\$ 2,019,718</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut Pension on-Behalf Contributions to the Connecticut State Teachers' Retirement System for Town Teachers are not Budgeted.	5,593,151
State of Connecticut OPEB on-Behalf Contributions to the Connecticut State Teachers' Retirement System for Town Teachers are not Budgeted.	<u>79,109</u>

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

\$ 60,082,775

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
General Government:				
Assessor	\$ 228,864	\$ 232,864	217,923	\$ 14,941
Auditing Services	30,800	33,550	33,550	-
Board of Assessment Appeals	1,072	1,072	708	364
Board of Finance	33,682	12,234	6,783	5,451
Board of Selectmen	176,483	177,203	175,375	1,828
Building Official	299,658	311,374	305,772	5,602
Capital Improvement Advisory Commission	307	307	-	307
Conservation Commission	3,016	3,016	1,933	1,083
Contingency Fund	150,000	639	-	639
Economic Development Commission	15,203	15,203	14,450	753
Finance Department	310,190	329,716	322,157	7,559
General Expense All Buildings	27,100	36,502	36,500	2
Historical Commission	1,958	1,958	1,790	168
Holiday Observance	3,300	3,300	3,289	11
Human Resource	69,057	69,314	69,311	3
Information Technologies	165,699	182,069	176,710	5,359
Inland/Wetlands Agency	4,190	5,560	5,560	-
Municipal Associations	21,530	21,530	21,530	-
Planning and Zoning Commission	11,014	14,742	12,197	2,545
Probate Court	25,950	25,950	23,880	2,070
Registrar of Voters	50,798	55,748	53,988	1,760
Tax Collector	326,595	280,352	273,600	6,752
Town Clerk	161,496	161,892	160,009	1,883
Town Counsel	61,000	58,250	48,613	9,637
Town Engineer	55,000	46,821	44,850	1,971
Town Office Building	186,386	186,248	184,483	1,765
Town Treasurer	200	200	200	-
Train Station	1,382	1,382	1,039	343
Zoning Board of Appeals	4,024	5,024	4,731	293
Total General Government	2,425,954	2,274,020	2,200,931	73,089
Public Safety:				
Ambulance Association	50,000	50,000	49,998	2
Fire Commission	388,555	401,580	391,522	10,058
Fire Marshal	79,183	79,183	64,034	15,149
Marine Services	300	300	-	300
Nine Bay Garage/Safety Complex	2,520	2,520	1,792	728
Office of Emergency Management	28,905	28,905	25,689	3,216
Police	4,037,083	4,037,083	4,121,373	(84,290)
Animal Control	8,101	8,887	8,874	13
Safety Complex	188,863	169,044	165,640	3,404
Spring Street Garage	10,084	8,956	8,198	758
Water Main/Street Lighting	799,344	779,344	767,780	11,564
Total Public Safety	5,592,938	5,565,802	5,604,900	(39,098)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Public Works:				
Landfill/Refuse Removal	\$ 1,222,773	\$ 1,228,560	\$ 1,174,699	\$ 53,861
Public Works Department	1,671,175	1,661,490	1,644,912	16,578
Public Works Garage	50,290	52,390	51,977	413
Snow Removal	121,500	81,500	73,360	8,140
Total Public Works	3,065,738	3,023,940	2,944,948	78,992
Health and Welfare:				
Commission on Needs of the Aging	239,982	244,982	233,061	11,921
Outside Services	112,399	112,399	110,674	1,725
Senior Center	106,579	114,651	114,177	474
Social Services	93,112	104,549	104,546	3
Veterans' Services	1,000	1,000	49	951
Youth Service Bureau	73,342	81,511	80,257	1,254
Total Health and Welfare	626,414	659,092	642,764	16,328
Recreation:				
Parks and Recreation	283,689	288,689	277,899	10,790
Public Library	481,027	481,027	481,027	-
Total Recreation	764,716	769,716	758,926	10,790
Employee Benefits and Insurance:				
Employee Benefits	3,788,315	3,796,505	3,761,557	34,948
Insurance and Bonds	530,450	504,970	488,112	16,858
Total Employee Benefits and Insurance	4,318,765	4,301,475	4,249,669	51,806
Education	32,165,201	32,165,201	32,165,201	-
Debt Service:				
Bond Redemption	2,130,266	2,130,266	2,130,137	129
Interest	998,805	1,178,285	1,178,284	1
Total Debt Service	3,129,071	3,308,551	3,308,421	130
Total Expenditures	52,088,797	52,067,797	51,875,760	192,037

**TOWN OF WINDSOR LOCKS, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to Other Funds:	\$ 302,000	\$ 3,201,845	\$ 3,201,845	\$ -
Total Other Financing Uses	302,000	3,201,845	3,201,845	-
 Total	 \$ 52,390,797	 \$ 55,269,642	 55,077,605	 \$ 192,037

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut Pension on-Behalf Contributions to the Connecticut State Teachers' Retirement System for Town Teachers are not Budgeted.	5,593,151
State of Connecticut OPEB on-Behalf Contributions to the Connecticut State Teachers' Retirement System for Town Teachers are not Budgeted.	79,109

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.

302,521

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

\$ 61,052,386

**TOWN OF WINDSOR LOCKS, CONNECTICUT
SEWER OPERATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Sewer Use Charges and Interest	\$ 2,698,519	\$ 2,698,519	\$ 2,611,627	\$ (86,892)
Fees	34,500	34,500	10,575	(23,925)
Investment Income	25,000	25,000	28,046	3,046
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	2,758,019	2,758,019	2,650,248	(107,771)
EXPENDITURES				
Salaries	549,410	482,806	393,767	89,039
Fringe Benefits	204,352	205,592	148,169	57,423
Overtime	55,000	55,000	57,952	(2,952)
Audit and Legal Fees	18,250	19,150	14,150	5,000
Chemicals/Chlorine	116,603	121,197	120,760	437
Contingency	10,000	10,000	-	10,000
Refunds	-	-	6,406	(6,406)
Debt Service	-	-	-	-
Electricity	222,000	212,458	139,951	72,507
Equipment Rental/Hauling	7,900	7,900	1,814	6,086
Fuel, Oil, Natural Gas	29,900	36,575	36,575	-
Gasoline and Diesel	9,960	10,621	9,541	1,080
Insurance	42,440	50,342	50,342	-
Lab Equipment	34,674	46,063	46,063	-
Mechanical Maintenance	120,000	138,223	138,223	-
Outside Services	35,000	39,595	39,595	-
Engineering	50,000	50,000	50,000	-
Safety Training	500	1,663	-	1,663
Sewer Line Maintenance	23,400	39,915	22,625	17,290
Sludge Disposal	90,530	113,959	113,958	1
Supplies	64,380	68,048	51,811	16,237
Telephone	6,650	6,650	6,041	609
User Fee Administration	120,000	88,696	41,536	47,160
Vehicle Parts, Repairs	9,600	13,890	13,890	-
Water	12,000	14,206	14,206	-
Total Expenditures	1,832,549	1,832,549	1,517,375	315,174
EXCESS OF REVENUES OVER EXPENDITURES	925,470	925,470	1,132,873	207,403
OTHER FINANCING SOURCES (USES)				
Transfers Out	(921,014)	(921,014)	(2,252,025)	(1,331,011)
NET CHANGE IN FUND BALANCE	\$ 4,456	\$ 4,456	(1,119,152)	\$ (1,123,608)
Fund Balance - Beginning of Year			2,900,957	
FUND BALANCE - END OF YEAR			\$ 1,781,805	

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	1.48%	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	\$ 20,397,284	\$ 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	11,767,098	11,286,022	11,281,811	11,038,999	6,565,251	6,322,648	6,033,920	6,192,516	5,676,638
Town's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	173.34%	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	68.71%	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***

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,093,142	\$ 2,148,457	\$ 1,921,267	\$ 1,730,215	\$ 1,469,202	\$ 932,505	\$ 873,983	\$ 833,404	\$ 902,297	\$ 799,677
Contributions in Relation to the Actuarially Determined Contribution	<u>1,093,142</u>	<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>
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	\$ 12,145,627	\$ 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
Contributions as a Percentage of Covered Payroll	9.00%	18.26%	17.02%	15.34%	13.31%	14.20%	13.82%	13.81%	14.57%	14.09%

Notes to Schedule

Valuation Date: June 30, 2022

Measurement Date: June 30, 2022

The actuarially determined contributions are calculated as of June 30, for the fiscal year ending two 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 NINE FISCAL YEARS*

	2023	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%	0.00%
Town's Proportionate Share of the Net Pension Liability	-	-	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability Associated with the Town Associated	\$ 70,940,599	\$ 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	\$ 70,940,599	\$ 57,547,610	\$ 72,660,346	\$ 66,194,635	\$ 51,039,909	\$ 51,274,308	\$ 54,094,788	\$ 38,927,124	\$ 35,980,325
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%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in Benefit Terms	Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.
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	27.8 years
Asset Valuation Method	4-year smoothed market
Inflation	2.50%
Salary Increase	3.00%-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 SEVEN FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service Cost	\$ 143,321	\$ 133,758	\$ 128,366	\$ 116,350	\$ 111,234	\$ 185,494	\$ 181,058
Interest	240,301	232,939	236,558	232,946	212,108	350,555	331,484
Changes of Benefit Terms					-	-	-
Differences Between Expected and Actual Experience	(94,830)	263,054	(4,936)	58,489	144,807	(2,297,960)	(91,675)
Changes of Assumptions	-	(2,764)		223,010	-	-	-
Benefit Payments	(131,656)	(611,554)	(236,448)	(422,626)	(395,635)	(195,090)	(159,517)
Net Change in Total OPEB Liability	157,136	15,433	123,540	208,169	72,514	(1,957,001)	261,350
Total OPEB Liability - Beginning	3,766,326	3,750,893	3,627,353	3,419,184	3,346,670	5,303,671	5,042,321
Total OPEB Liability - Ending	3,923,462	3,766,326	3,750,893	3,627,353	3,419,184	3,346,670	5,303,671
Plan Fiduciary Net Position:							
Contributions - Employer	103,385	100,877	94,779	118,635	475,382	317,449	787,285
Contributions - TRB Subsidy	62,196	36,023	-	-	53,147	35,730	45,206
Net Investment Income	419,292	(546,677)	1,077,914	137,176	175,178	253,562	307,665
Benefit Payments	(131,656)	(611,554)	(236,448)	(422,626)	(395,635)	(195,090)	(159,517)
Net Change in Plan Fiduciary Net Position	453,217	(1,021,331)	936,245	(166,815)	308,072	411,651	980,639
Plan Fiduciary Net Position - Beginning	3,691,195	4,712,526	3,776,281	3,943,096	3,635,024	3,223,373	2,242,734
Plan Fiduciary Net Position - Ending	4,144,412	3,691,195	4,712,526	3,776,281	3,943,096	3,635,024	3,223,373
Net OPEB Liability (Asset) - Ending	\$ (220,950)	\$ 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	105.63%	98.01%	125.64%	104.11%	115.32%	108.62%	60.78%
Covered-Employee Payroll	\$ 24,075,864	\$ 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	-0.92%	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***

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (1)	\$ 103,385	\$ 100,877	\$ 94,782	\$ 118,635	\$ 115,705	\$ 430,226	\$ 425,085	\$ 360,756	\$ 349,769	\$ 386,014
Contributions in Relation to the Actuarially Determined Contribution	103,385	100,877	94,779	118,635	475,382	317,449	787,285	347,299	525,885	356,970
Contribution Deficiency (Excess)	\$ -	\$ -	\$ 3	\$ -	\$ (359,677)	\$ 112,777	\$ (362,200)	\$ 13,457	\$ (176,116)	\$ 29,044
Covered-Employee Payroll	\$ 24,075,864	\$ 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
Contributions as a Percentage of Covered-Employee Payroll	0.43%	0.43%	0.39%	0.50%	1.98%	1.35%	3.17%	1.44%	2.17%	1.61%

(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, 2023

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 SEVEN FISCAL YEARS***

	<u>2023</u>	<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	17.38%	-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 SIX FISCAL YEARS***

	2023	2022	2021	2020	2019	2018
Town's Proportion of the Net OPEB Liability	0.00%	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>\$ 6,212,769</u>	<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>\$ 6,212,769</u></u>	<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%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.46%	2.50%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in Benefit Terms

There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.

Changes of Assumptions

Based on the procedure described in GASB 74, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2022 was updated to equal the SEIR of 3.1%

Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;

The assumed age-related annual percentage increases in expected annual per capita health care claims costs were updated;

Long-term health care cost trend rates were updated; and

The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan entry age

Actuarial Cost Method

Level percent of payroll over an open period

Amortization Method

30 years

Remaining Amortization Period

Asset Valuation Method

Market value of assets

Investment Rate of Return

3.00%, net of investment related expense including price inflation

Price Inflation

2.50%

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, 2023**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 7,328,414	\$ 11,100,727
Investments	9,516,819	7,875,213
Property Taxes Receivable, Net of Allowance of \$140,532 in 2023 and \$115,277 in 2022	1,179,836	1,042,360
Accounts Receivable	790,139	737,501
Due from Other Funds	3,286,026	2,602,193
Other assets	78,968	-
Total Assets	<u>\$ 22,180,202</u>	<u>\$ 23,357,994</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 1,237,672	\$ 1,902,576
Due to Other Funds	3,231,665	2,894,102
Total Liabilities	<u>4,469,337</u>	<u>4,796,678</u>
DEFERRED INFLOWS OF RESOURCES		
Advance Property Tax Collections	12,324	36,139
Unavailable Revenue - Property Taxes	1,030,841	968,959
Unavailable Revenue - Long-Term Receivables	550,242	469,149
Total Deferred Inflows of Resources	<u>1,593,407</u>	<u>1,474,247</u>
FUND BALANCE		
Nonspendable	78,968	
Assigned	3,007,429	4,305,470
Unassigned	13,031,061	12,781,599
Total Fund Balance	<u>16,117,458</u>	<u>17,087,069</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,180,202</u>	<u>\$ 23,357,994</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
REPORT OF TAX COLLECTOR
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

Grand List	Uncollected Taxes July 1, 2022	Current Tax Levy	Additions	Deductions	Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2023
							Taxes	Interest and Lien Fees	Total	
2005	\$ 644	\$ -	\$ -	\$ 644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2006	670	-	-	670	-	-	-	-	-	-
2007	816	-	-	-	-	816	21	80	101	795
2008	3,910	-	-	-	-	3,910	19	72	91	3,891
2009	1,537	-	-	-	-	1,537	21	72	93	1,516
2010	2,740	-	-	-	-	2,740	-	-	-	2,740
2011	9,073	-	-	-	-	9,073	-	-	-	9,073
2012	10,599	-	-	-	-	10,599	-	-	-	10,599
2013	10,748	-	1	2	-	10,747	-	-	-	10,747
2014	18,459	-	-	-	-	18,459	1,312	2,803	4,115	17,147
2015	38,135	-	-	-	-	38,135	15,534	19,078	34,612	22,601
2016	29,393	-	357	-	-	29,750	2,908	2,085	4,993	26,842
2017	70,131	-	311	5	-	70,437	9,419	5,650	15,069	61,018
2018	114,918	-	621	77	-	115,462	12,376	8,374	20,750	103,086
2019	288,617	-	7,110	23,516	95,603	176,608	55,923	23,680	79,603	120,685
2020	557,247	-	25,651	54,669	-	528,229	197,439	52,875	250,314	330,790
Total Prior Years	1,157,637	-	34,051	79,583	95,603	1,016,502	294,972	114,769	409,741	721,530
2021	-	39,413,608	229,033	223,292	-	39,419,349	38,820,511	114,432	38,934,943	598,838
Total	<u>\$ 1,157,637</u>	<u>\$ 39,413,608</u>	<u>\$ 263,084</u>	<u>\$ 302,875</u>	<u>\$ 95,603</u>	<u>\$ 40,435,851</u>	39,115,483	229,201	39,344,684	<u>\$ 1,320,368</u>
Suspense Collections							54,284	-	54,284	
Total							39,169,767	<u>\$ 229,201</u>	<u>\$ 39,398,968</u>	
Property taxes receivable considered available:										
June 30, 2022							(104,765)			
June 30, 2023							148,996			
Total Taxes							<u>\$ 39,213,998</u>			

NONMAJOR GOVERNMENTAL FUNDS

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

		Special Revenue Funds					
		Dog	Highway	School Cafeteria	Police Revolving	Parks and Recreation	Commission on Needs of the Aging
ASSETS							
Cash and Cash Equivalents	\$	49,674	\$ 1,078,224	\$ 233,478	\$ 95,119	\$ 138,794	\$ 8,385
Receivables, Net		1,037	-	146,129	684,770	21,963	963
Due from Other Funds		7,638	-	-	-	-	-
Inventory		-	-	9,277	-	-	-
Total Assets	\$	58,349	\$ 1,078,224	\$ 388,884	\$ 779,889	\$ 160,757	\$ 9,348
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$	6,923	\$ 19,908	\$ 41,403	\$ 11,258	\$ 12,725	\$ 1,613
Due to Other Funds		15	4,679	-	647,004	3,730	13,328
Unearned Revenue		-	-	9,366	-	81,121	-
Total Liabilities		6,938	24,587	50,769	658,262	97,576	14,941
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Long-Term Receivable		-	-	-	572,688	-	-
FUND BALANCES							
Nonspendable		-	-	9,277	-	-	-
Restricted		-	1,053,637	328,838	-	-	-
Committed		51,411	-	-	-	63,181	-
Unassigned		-	-	-	(451,061)	-	(5,593)
Total Fund Balances		51,411	1,053,637	338,115	(451,061)	63,181	(5,593)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	58,349	\$ 1,078,224	\$ 388,884	\$ 779,889	\$ 160,757	\$ 9,348

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023**

	Special Revenue Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Human Services	Police Department Asset Forfeiture	Student Activities	TIF District	James DeForest Phelps	
ASSETS						
Cash and Cash Equivalents	\$ 18,170	\$ 122,518	\$ 188,553	\$ 59,086	\$ -	\$ 1,992,001
Receivables, Net	2,116	-	-	19,735	3,835	880,548
Due from Other Funds	-	8,309	-	244,926	-	260,873
Inventory	-	-	-	-	-	9,277
Total Assets	<u>\$ 20,286</u>	<u>\$ 130,827</u>	<u>\$ 188,553</u>	<u>\$ 323,747</u>	<u>\$ 3,835</u>	<u>\$ 3,142,699</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 10	\$ 121,975	\$ -	\$ 215,815
Due to Other Funds	443	-	-	-	-	669,199
Unearned Revenue	-	-	-	19,735	-	110,222
Total Liabilities	<u>443</u>	<u>-</u>	<u>10</u>	<u>141,710</u>	<u>-</u>	<u>995,236</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Long-Term Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>572,688</u>
FUND BALANCES						
Nonspendable	-	-	-	-	3,000	12,277
Restricted	-	130,827	188,543	182,037	835	1,884,717
Committed	19,843	-	-	-	-	134,435
Unassigned	-	-	-	-	-	(456,654)
Total Fund Balances	<u>19,843</u>	<u>130,827</u>	<u>188,543</u>	<u>182,037</u>	<u>3,835</u>	<u>1,574,775</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,286</u>	<u>\$ 130,827</u>	<u>\$ 188,553</u>	<u>\$ 323,747</u>	<u>\$ 3,835</u>	<u>\$ 3,142,699</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds					
	Dog	Highway	School Cafeteria	Police Revolving	Parks and Recreation	Commission on Needs of the Aging
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	263,470	1,038,429	-	-	-
Charges for Services	4,532	-	54,418	657,808	239,967	21,343
Contributions	-	-	-	-	-	4,570
Income from Investments	-	22,338	-	-	-	-
Other Revenues	-	-	8,364	-	4,466	-
Total Revenues	4,532	285,808	1,101,211	657,808	244,433	25,913
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	1,011	-	-	897,762	-	-
Public Works	-	280,536	-	-	-	-
Health and Welfare	-	-	-	-	-	28,565
Recreation	-	-	-	-	255,664	-
Education	-	-	1,188,416	-	-	-
Total Expenditures	1,011	280,536	1,188,416	897,762	255,664	28,565
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,521	5,272	(87,205)	(239,954)	(11,231)	(2,652)
OTHER FINANCING SOURCES (USES)						
Transfers Out	-	(150,000)	-	(50,000)	-	-
Total Other Financing Sources (Uses)	-	(150,000)	-	(50,000)	-	-
NET CHANGE IN FUND BALANCE	3,521	(144,728)	(87,205)	(289,954)	(11,231)	(2,652)
Fund Balance - Beginning of Year	47,890	1,198,365	425,320	(161,107)	74,412	(2,941)
FUND BALANCE - END OF YEAR	\$ 51,411	\$ 1,053,637	\$ 338,115	\$ (451,061)	\$ 63,181	\$ (5,593)

**TOWN OF WINDSOR LOCKS, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Human Services	Police Department Asset Forfeiture	Student Activities	TIF District	James DeForest Phelps	
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ 201,661	\$ -	\$ 201,661
Intergovernmental	-	-	-	-	-	1,301,899
Charges for Services	-	53,316	173,212	-	-	1,204,596
Contributions	15,648	-	-	-	-	20,218
Income from Investments	-	-	-	17	-	22,355
Other Revenues	-	-	-	-	-	12,830
Total Revenues	15,648	53,316	173,212	201,678	-	2,763,559
EXPENDITURES						
Current:						
General Government	-	-	-	198,707	-	198,707
Public Safety	-	134,031	-	-	-	1,032,804
Public Works	-	-	-	-	-	280,536
Health and Welfare	9,166	-	-	-	-	37,731
Recreation	-	-	-	-	-	255,664
Education	-	-	228,595	-	-	1,417,011
Total Expenditures	9,166	134,031	228,595	198,707	-	3,222,453
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,482	(80,715)	(55,383)	2,971	-	(458,894)
OTHER FINANCING SOURCES (USES)						
Transfers Out	-	-	-	-	-	(200,000)
Total Other Financing Sources (Uses)	-	-	-	-	-	(200,000)
NET CHANGE IN FUND BALANCE	6,482	(80,715)	(55,383)	2,971	-	(658,894)
Fund Balance - Beginning of Year	13,361	211,542	243,926	179,066	3,835	2,233,669
FUND BALANCE - END OF YEAR	\$ 19,843	\$ 130,827	\$ 188,543	\$ 182,037	\$ 3,835	\$ 1,574,775

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, 2023
(NON-GAAP BUDGETARY BASIS)

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Downtown TIF District	\$ 201,766	\$ 201,766	\$ 201,661	\$ (105)
Interest income	-	-	17	17
Total Revenues	201,766	201,766	201,678	(88)
EXPENDITURES				
Downtown TIF District	201,766	201,766	198,707	3,059
Total Expenditures	201,766	201,766	198,707	3,059
EXCESS OF REVENUES OVER EXPENDITURES	-	-	2,971	2,971
NET CHANGE IN FUND BALANCE	\$ -	\$ -	2,971	\$ 2,971
Fund Balance - Beginning of Year			179,066	
FUND BALANCE - END OF YEAR			<u>\$ 182,037</u>	

CAPITAL PROJECTS FUND

**TOWN OF WINDSOR LOCKS, CONNECTICUT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND BY PROJECT
JUNE 30, 2023**

	Capital Improvements Projects	Capital Projects	WPCA Capital Projects	Total Capital Projects Fund
ASSETS				
Cash and Cash Equivalents	\$ 4,866,107	\$ 16,089,255	\$ 292,164	\$ 21,247,526
Accounts Receivable	-	1,022,982	-	1,022,982
Due from Other Funds	-	-	368,811	368,811
Total Assets	<u>\$ 4,866,107</u>	<u>\$ 17,112,237</u>	<u>\$ 660,975</u>	<u>\$ 22,639,319</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 634,241	\$ 425,000	\$ 96,176	\$ 1,155,417
DEFERRED INFLOWS OF RESOURCES				
Unavailable Resources - Long-Term Receivables	-	1,022,982	-	1,022,982
FUND BALANCES				
Committed	4,231,866	15,664,255	564,799	20,460,920
Total Fund Balances	<u>4,231,866</u>	<u>15,664,255</u>	<u>564,799</u>	<u>20,460,920</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,866,107</u>	<u>\$ 17,112,237</u>	<u>\$ 660,975</u>	<u>\$ 22,639,319</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, 2023

	Capital Improvements Projects	Capital Projects	WPCA Capital Projects	Total Capital Projects Fund
REVENUES				
Income from Investments	\$ 84,605	\$ 588,482	\$ 6,289	\$ 679,376
Total Revenues	84,605	588,482	6,289	679,376
EXPENDITURES				
Capital Outlay	1,892,191	2,253,965	275,625	4,421,781
Total Expenditures	1,892,191	2,253,965	275,625	4,421,781
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	(1,807,586)	(1,665,483)	(269,336)	(3,742,405)
OTHER FINANCING SOURCES				
Transfers In	2,898,845	-	1,571,012	4,469,857
Total Other Financing Sources	2,898,845	-	1,571,012	4,469,857
NET CHANGE IN FUND BALANCES	1,091,259	(1,665,483)	1,301,676	727,452
Fund Balance - Beginning of Year	3,140,607	17,329,738	(736,877)	19,733,468
FUND BALANCE - END OF YEAR	<u>\$ 4,231,866</u>	<u>\$ 15,664,255</u>	<u>\$ 564,799</u>	<u>\$ 20,460,920</u>

OTHER SCHEDULES

**TOWN OF WINDSOR LOCKS, CONNECTICUT
SEWER ADMINISTRATION FUND
REPORT OF SEWER USE CHARGE COLLECTOR
YEAR ENDED JUNE 30, 2023**

List Year	Uncollected Charges July 1, 2022	Current Year Billings and Adjustments	Adjusted Charges Collectible	Collections			Uncollected Charges June 30, 2023
				Charges	Interest and Lien Fees	Total	
2007	\$ 43	\$ -	\$ 43	\$ -	\$ -	\$ -	\$ 43
2008	190	-	190	-	-	-	190
2009	365	-	365	-	-	-	365
2010	494	-	494	-	-	-	494
2011	903	-	903	-	-	-	903
2012	1,940	-	1,940	635	1,180	1,815	1,305
2013	3,617	-	3,617	761	1,307	2,068	2,856
2014	5,064	-	5,064	1,100	1,395	2,495	3,964
2015	8,834	-	8,834	1,507	2,503	4,010	7,327
2016	13,566	-	13,566	3,896	4,230	8,126	9,670
2017	19,648	-	19,648	6,498	6,849	13,347	13,150
2018	28,710	-	28,710	9,012	7,618	16,630	19,698
2019	45,419	-	45,419	12,092	8,420	20,512	33,327
2020	60,114	-	60,114	16,469	8,556	25,025	43,645
2021	117,387	-	117,387	51,931	15,319	67,250	65,456
Total Prior Years	306,294	-	306,294	103,901	57,377	161,278	202,393
2022	-	2,542,455	2,542,455	2,421,931	25,773	2,447,704	120,524
Total	<u>\$ 306,294</u>	<u>\$ 2,542,455</u>	<u>\$ 2,848,749</u>	<u>\$ 2,525,832</u>	<u>\$ 83,150</u>	<u>\$ 2,608,982</u>	<u>\$ 322,917</u>

TOWN OF WINDSOR LOCKS, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2023

Total Tax Collections (Including Interest and Lien Fees) For 2022 Fiscal Year \$ 37,696,144

Base \$ 37,696,144

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 Times Base	\$ 84,816,324	\$ -	\$ -	\$ -	\$ -
4-1/2 Times Base	-	169,632,648	-	-	-
3-3/4 Times Base	-	-	141,360,540	-	-
3-1/4 Times Base	-	-	-	122,512,468	-
3 Times Base	-	-	-	-	113,088,432
Total Debt Limitation	<u>84,816,324</u>	<u>169,632,648</u>	<u>141,360,540</u>	<u>122,512,468</u>	<u>113,088,432</u>
Indebtedness:					
Bonds and Notes Payable	26,646,730	6,483,257	4,685,013	-	-
Bonds Authorized and Unissued	<u>14,530,000</u>	<u>3,014,691</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Indebtedness	<u>41,176,730</u>	<u>9,497,948</u>	<u>4,685,013</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 43,639,594</u></u>	<u><u>\$ 160,134,700</u></u>	<u><u>\$ 136,675,527</u></u>	<u><u>\$ 122,512,468</u></u>	<u><u>\$ 113,088,432</u></u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$263,873,008).

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 10/1/20</u>	<u>Percent of Net Taxable Grand List*</u>
United Technologies	Manufacturing	\$ 84,707,188	5.68 %
PV Holdings Corporation	Car Rental	47,622,804	3.19
Ahlstrom-Munksjo Nonwovens	Manufacturing	43,883,081	2.94
PPF WE 500 North Street	Grocery Wholesaler	38,029,390	2.55
EAN Holdings LLC/CAMRAC	Car Rental	35,335,639	2.37
CT Light and Power/Eversource	Utility	31,287,640	2.10
Federal Express Corporation	Freight	24,253,652	1.63
American Honda Motors Co	Parts Distribution Center	22,930,190	1.54
Hertz	Car Rental	19,145,489	1.28
Old County Senior Living	Assisted Living	<u>15,424,080</u>	1.03
Total		<u><u>\$ 362,619,153</u></u>	24.31 %

* Based on 10/01/21 Net Taxable Grand List of \$1,490,809,567

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							
2023	2021	37.3 %	24.8 %	1.3 %	22.2 %	14.7 %	\$ 1,672,406	\$ 181,596	\$ 1,490,810	2.5 %
2022	2020	37.7	25.1	1.3	22.0	13.9	1,631,668	176,649	1,455,019	(1.6)
2021	2019	37.4	24.2	1.3	20.5	16.6	1,644,856	165,667	1,479,189	(0.3)
2020	2018	37.4	25.6	1.3	19.6	16.0	1,640,611	157,376	1,483,235	15.5
2019	2017	41.4	22.0	1.2	20.8	14.6	1,415,814	132,080	1,283,734	6.0
2018	2016	42.7	22.4	1.1	20.7	13.2	1,361,693	150,738	1,210,955	(3.8)
2017	2015	40.6	20.1	1.3	22.4	15.7	1,418,126	159,067	1,259,059	6.9
2016	2014	42.9	21.3	1.4	22.4	12.1	1,338,047	160,752	1,177,295	(3.4)
2015	2013	42.0	21.0	-	20.4	15.2	1,364,824	146,477	1,218,347	(4.1)
2014	2012	46.5	22.6	-	18.4	12.5	1,410,980	141,149	1,269,831	0.4

Date of Last Revaluation 10/1/18

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

Bonded Debt:	
General Purpose	\$ 26,646,730
Schools	6,483,257
Sewers	4,685,013
Total Bonded Debt	<u>37,815,000</u>
 Total Overall Net Debt	 <u><u>\$ 37,815,000</u></u>

**CURRENT DEBT RATIOS
FOR THE YEAR ENDED JUNE 30, 2023**

Population, 2023*	12,559
Per Capita Income, 2023**	33,986
Net Taxable Grand List, 10/1/21	1,490,809,567
Estimated Full Value @ 70%	2,129,727,953
Equalized Net Grand List, 2021***	2,548,053,935

	<u>Overall Debt</u>	<u>Overall Net Debt</u>
	<u>\$ 37,815,000</u>	<u>\$ 37,815,000</u>
Per Capita	\$ 3,010.99	\$ 3,010.99
To Net Taxable Grand List	2.54%	2.54%
To Estimated Full Value @ 70%	1.78%	1.78%
To Equalized Net Grand List, 2020	1.48%	1.48%
Ratio of Debt Per Capita to Per Capita Income	8.86%	8.86%

* 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, 2023
2023	2021	\$ 1,490,810	26.33	\$ 39,419	98.5 %	1.5 %	1.5 %
2022	2020	1,455,019	25.83	37,559	98.5	1.5	0.9
2021	2019	1,479,189	25.83	37,930	97.4	2.5	0.3
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	0.1
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	-