

TOWN OF SOUTH WINDSOR, CONNECTICUT



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

Comprehensive Annual Financial Report

of the

Town of South Windsor, Connecticut

Fiscal Year Ended June 30, 2016

Finance Department

Patricia Perry
Director of Finance

**TOWN OF SOUTH WINDSOR, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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JUNE 30, 2016**

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Introductory Section



Town of South Windsor

1540 SULLIVAN AVENUE • SOUTH WINDSOR, CT 06074
TELEPHONE (860) 644-2511

December 23, 2016

Mayor Thomas Delnicki
Town Council Members

Residents of South Windsor

The Comprehensive Annual Financial Report (CAFR) of the Town of South Windsor, Connecticut is respectfully submitted for your review and use. This report was prepared by the Town's Finance Department and it is the comprehensive publication of the Town's financial position and results for the fiscal year ended June 30, 2016. Connecticut State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year unless an extension has been requested and granted. This report is published to fulfill that requirement and to provide further accountability to citizens and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statements.

Town management assumes full responsibility for the completeness and reliability of the information contained in this report, which is based upon a comprehensive framework of internal controls that is has established. Because the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Blum, Shapiro & Company, P.C., Certified Public Accountants, have issued an unmodified opinion on the Town's financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader state and federal mandated "Single Audit" designated to meet special needs of federal and state grantor agencies. The standards governing the Federal and State Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Town's separately issued Federal and State Compliance Reports.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Town Profile

The Town of South Windsor (the "Town") was founded in 1633 as part of Windsor and in 1845 incorporated as a separate municipality. Throughout most of its history, the Town has been an agriculture community as of a result of its fertile land and abundant water resources. Today, however, South Windsor affords a blend of residential living, retail, high-tech industry and open space.

Located just northeast of Hartford, the Town occupies 28.5 square miles bounded by East Windsor and Ellington to the north, Vernon to the east, Manchester and East Hartford to the south, and the Connecticut River to the west. The Town is located equidistant from New York City and Boston and is only 20 miles south of Springfield, Massachusetts. South Windsor has immediate access to interstates 84, 91, and 291 and is only minutes from Bradley International Airport. Freight lines connect the Town to the entire northeast corridor.

The Town of South Windsor has been organized under the Council-Manager form of government since 1960 with a nine-member Council elected at large (the "Town Council"). The legislative function is performed by a bipartisan Town Council of nine members, who are elected biennially for two-year terms. Minority political party representation is guaranteed in that no political party may have more than six members. The Town Council elects a Mayor from its membership for the two-year term. The Council appoints the Town Manager for an indefinite term. The Town Manager is the Chief Administrative Officer of the Town and serves at the pleasure of the Town Council. The Town Manager is appointed by the Town Council on the basis of professional executive training and other qualifications.

The Town Manager is directly responsible to the Council for planning, organizing and directing municipal activities, except schools and commissions appointed by the Council, and also serves as the Personnel Director.

The Town Manager appoints department heads; oversees the compliance of local laws and ordinances; provides recommendations and reports to the Council; prepares the annual budget and the annual report; keeps the Council advised on the Town's financial condition; and performs other duties prescribed by Charter, ordinance or Council resolution.

The Town's public school system provides a balanced curriculum for approximately 4,032 students. There are more than a dozen local colleges and universities in the area for both undergraduate and graduate studies. The public school system consists of five schools for pupils in grades Pre-K through 6, one middle school for pupils in grades 6-8 and one high school for pupils in grades 9-12. The schools are governed by a nine-member elected Board of Education.

The Town provides a full range of services to its citizens. These include: police and fire protection, emergency medical services; education; library services; public works (streets, waste disposal, engineering and infrastructure maintenance); parks and recreation (parks, athletic fields, and tennis courts); senior services and cultural events; health and welfare services and general administrative services.

Local Economic Condition and Outlook

South Windsor is a primarily residential community that features farm lands as well as desirable suburban real estate. The 2010 U.S. Census report shows that over half the employed population of the Town work in finance, insurance, educational and manufacturing occupations with over 51% of the working population having earned bachelor's and advanced college degrees.

The Town has traditionally exhibited a lower unemployment rate compared to other towns in the area and this year is no exception. The 2015 annual average unemployment rate in South Windsor was 4.4% while in Tolland County it was 4.8%. The Town's unemployment rate is also significantly lower than the 2015 State annual average unemployment rate of 5.6% and national rate of 5.3%. All State rates are according to the Connecticut State Department of Labor and the National rate is provided by the U.S. Department of Labor.

South Windsor has a well-balanced, economically diverse mix of businesses and light manufacturing uses, commercial office buildings, medical facilities and retail space. Major employers include municipal, retail, healthcare services and light manufacturing companies. Notable economic development continues in South Windsor. The following list are completed projects or planned expansions.

- FedEx Ground Warehouse on Sullivan Avenue, with approximately 224,000SF is expanding to add an additional 80,000SF;
- The Apple Store in Evergreen Walk opened with 6,670SF;
- Carla's Pasta, a food manufacturing center with 82,500SF with an anticipated addition to bring total square footage to 238,800;
- The Residence at South Windsor Farms is an assisted living and memory care center with 70,000SF;
- Performance Food Group (PFG) opened a warehouse distribution center on Sullivan Avenue with approximately 168,000SF; and
- Mobis Parts America (Hyundai) completed its parts distribution center with square footage of 297,470.

The Town is also home to the Promenade Shops at Evergreen Walk, which is an outdoor lifestyle center, containing more than 60 national and specialty retailers, pedestrian friendly promenade and restaurants. The center is currently expanding with approval and building for a 20-acre 200,000 square foot development called Town Square. This project will provide 200 upscale one and two bedroom apartments along with a 121-room hotel, office and additional retail space. There are also several residential developments under way and an additional hotel slated for construction. These projects are expected to be pro-rated on the 2015 grand list and add to significant 2016 grand list growth.

The Town's October 1, 2015 Net Taxable Grand List of \$2,546,423,871 represented an increase of 1.86% over previous fiscal year. Although primarily residential, the Town has developed a strong commercial base and strives to grow this segment, while balancing character, open space and protecting the town's historic farm character.

Long-Term Financial Planning

In fiscal year 2016, the Town issued \$21,360,000 of anticipatory notes for the construction of the new Orchard Hill School and roadwork improvements and \$4,300,000 in general obligation bonds. The Town entered into capital leases for the construction of the High School turf field and the Town Hall Annex/Emergency Operations Center. In the next fiscal year the Town plans to issue debt to finance the completion of a new elementary school and continuation of roadwork / drainage improvements.

The Town maintains adequate unreserved fund balance to ensure consistent cash flow, generate interest income and offer flexibility for unanticipated opportunities. In addition, fiscally responsible budgeting has been key in maintaining the Town's strong bond rating of AA+ from Standard and Poor and Aa2 from Moody's. Each year the town adopts a capital improvement budget and prepares a 5-year capital plan. The Town continued to manage a number of projects including the following:

- Several major road projects, including Nevers Road, Main Street Culvert, numerous pavement repairs and Avery Street-Phase I which will continue as a multi-year initiative. The Town actively pursues all State and Federal grant opportunities to supplement local funding for these projects to reduce the reliance on long-term debt.

- A synthetic turf field and sound system upgrades were completed in November 2015 at the high school stadium field, and upgrades to the high school girls' softball area included reconstruction of the field, addition of bullpen areas and installation of new scoreboard.
- In October of 2013, the Board of Education adopted the elementary Facilities Master Plan to address the five aging elementary school buildings, which range in age from 48 to 60 years old. It is responsive to the South Windsor Public Schools 2011-2014 Strategic Plan, which calls for the development of a "long-range" elementary facilities plan that promotes a safe, engaging learning environment that is accessible to all students and community members. There has been a great deal of work accomplished since this meeting. In March of 2014 a referendum was passed in favor of constructing a new PK-5 elementary school on the Orchard Hill campus. On February 29, 2016 the ground breaking ceremony for the new Orchard Hill School was held. The total project cost is currently \$33,521,724 and the Town expects to receive approximately \$11,611,925 in state grants to offset the local share of the project. Work continued at a strong pace throughout the summer months and it is estimated that the school will open during August of 2017.

Accounting and Budgeting

The Finance Department includes Accounting, Revenue Collection and Tax Assessment. In developing and evaluating the Town's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance to record transactions.

The accounts of the Town are organized in funds and accounted for on the Town's financial management system. Each fund operates with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Budgetary control of disbursements and encumbrances against appropriations is maintained by department, division or major activity. The Town also maintains an encumbrance accounting system as one technique towards accomplishing budgetary control.

The Town of South Windsor adopts its General Government Operating, Board of Education and Special Revenue Fund budgets in accordance with the provisions of its Charter and the Connecticut General Statutes. The adopted budgets cover the fiscal year beginning July 1 and ending June 30.

The Superintendent of South Windsor's Public Schools develops a district budget that recognizes the need to balance state and local constraints with the needs of the students. This budget is submitted to the South Windsor Board of Education. The Board of Education holds several work sessions to discuss the Superintendent's proposed budget, votes to approve a budget at its last regular meeting in February, and must submit a budget to the Town Council not later than March 15th.

A public hearing to receive citizen input on the proposed Town Manager's budget shall be held no later than May 7th. After the Town Council considers the recommendations from the public hearings, the Town Council modifies the budgets as it deems appropriate and adopts the General Government Operating, Board of Education and Special Revenue Fund budgets.

Annually, the Town Council adopts a ten-year Capital Improvement Plan. This plan is reviewed and modified by the Capital Projects Committee as necessary. The Capital Projects Committee, which consists of elected officials and staff from both the Town and Board of Education, determines the priority of each project and decides which year the projects should be completed.

Balanced Budget Requirement

A balanced budget is one where revenues are equal to expenses. Section 706 of the Town Charter requires that the adopted budget be in balance. The Council shall determine the amount to be raised by taxes less other estimated income and surplus or deficit to pay the expenses of the Town for the year.

Amendments and Additions to the Budget Adoption of the Town budget sets the appropriation for each item listed separately for each department, office or commission.

Budget transfers may be necessary for any one of several reasons. At times, objectives may be realigned requiring the corresponding realignment of resources. Transfers may also be needed as a result of actual expenditures that vary from original estimates. Section 711 of the Town Charter allows for transfers of any unencumbered appropriation. The Town Council has the authority to transfer amounts, except those of the Board of Education, between departments. Transfer of funds within the same department made by requested by the Department Head with approval from the Town Manager.

Section 315 allows for the Town Council, by affirmative vote of not less than six members, to add to the annual budget appropriation a sum not to exceed \$25,000 in any one fiscal year. Any amount greater than \$25,000 that is not an emergency appropriation requires a public hearing.

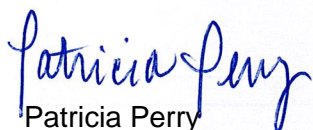
Awards and Acknowledgments

I am pleased to present this document as a first-time submission to the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded this prestigious award, the document must be found to be easily readable and efficiently organized. I believe our CAFR meets the criteria and will submitted to the GFOA to determine its eligibility.

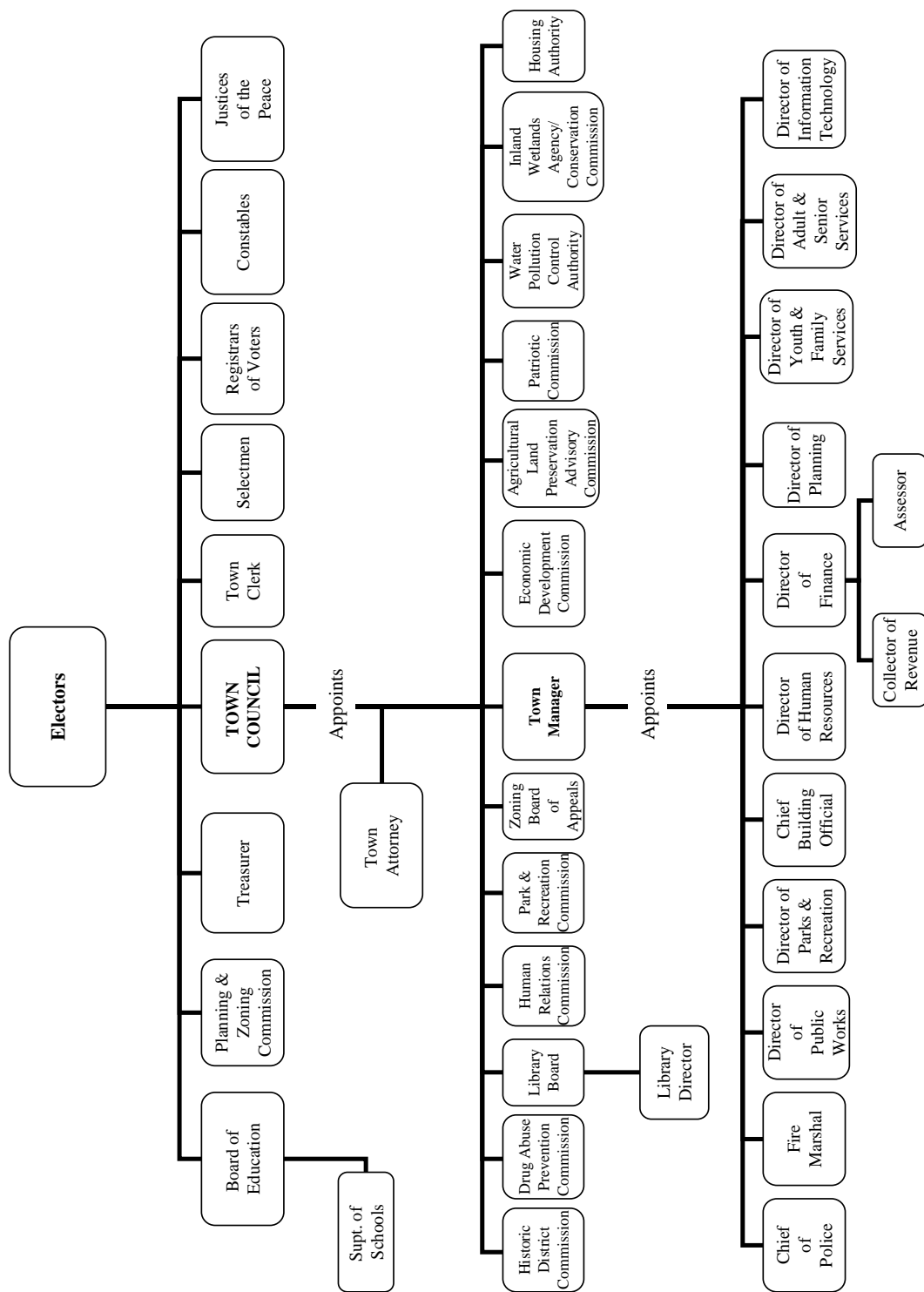
The Town received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal years ended June 30, 2015, 2016 and 2017. In order to qualify for this award, the government's budget document has to be judged as proficient as a policy document, a financial plan, an operations guide and a communication device.

Presentation of this report could not have been accomplished without the dedicated Finance Department and other various departments who provided information. I would like to thank Blum, Shapiro & Company, P.C., our independent auditors, for their professional guidance, assistance and many helpful comments and suggestions. The continuing support of the Town Manager, Mayor and members of the Town Council, who remain committed to fiscal integrity and financial leadership, is greatly appreciated.

Respectfully submitted,



Patricia Perry
Director of Finance



Town of South Windsor
Listing of Principal Officials
June 30, 2016

TOWN COUNCIL

Thomas Delnicki, Mayor

Carolyn Mirek, Deputy Mayor
Dr. M. Saud Anwar
William Carroll, Jr.
Edward Havens

Lisa M. Maneeley
Elizabeth Pendleton
Matthew Riley
Janice A. Snyder

BOARD OF EDUCATION

David S. Joy, Chairman

Beth Esstman, Vice Chairman
Craig Zimmerman, Secretary
Joseph Durette
Jamie Gamble

Michael Gonzalez
Mary Justine Hockenberry
Phil Koboski
Richard Stahr

ADMINISTRATION

Dr. Kate Carter, Superintendent of Schools
Sheryl L. Mortensen, Assistant Superintendent
Colin J. McNamara, Assistant Superintendent
Chris M. Chemerka, Director of Finance & Operations

TOWN DEPARTMENTS

Matthew B. Galligan, Town Manager

Andrea Cofrancesco, Director of Youth &
Adult Services
Christopher Dougan, Chief Building Official
Timothy Edwards, Chief of Police
Mary Etter, Library Director
Raymond Favreau, Director of Recreation
Michael Gantick, Director of Public Works
Scott Roberts, Director of Information
Technology

Mary Huda, Assessor
Michele Lipe, Director of Planning
Patricia Perry, Director of Finance
Vanessa Perry, Director of Human
Resources
Bonnie Rabin, Tax Collector
Walter Summers, Fire Marshal
Lori Trahan, Town Clerk

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Town Council
Town of South Windsor, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of South Windsor, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of South Windsor, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of South Windsor, Connecticut, as of June 30, 2016 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.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2016, the Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 54 through 59 and the pension schedules on pages 60 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Town of South Windsor, Connecticut, as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 15, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2015 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 2015 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016 on our consideration of the Town of South Windsor, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of South Windsor, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 23, 2016

**TOWN OF SOUTH WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

As management of the Town of South Windsor our discussion and analysis of the Town's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the transmittal letter and the basic financial statements to enhance understanding of the Town's financial performance.

Financial Highlights

- Total net position of our governmental activities at the end of the fiscal year was \$125,298,784, an increase of \$106,752 or .08% over the previous fiscal year. Of the Town's total net position at June 30, 2016, \$3,572,905 is unrestricted and may be used to meet the operating needs of the Town.
- On a government wide basis, revenues totaled \$132,245,699 while expenses equaled \$132,138,947.
- Total cost of all of the Town's government programs was \$106,752 less than the generated revenues. No new programs were added this year.
- The Town bonded \$4,300,000 to permanently fund \$1,300,000 for various school projects, and \$3,000,000 for road and drainage improvements. In addition, the Town issued \$21,360,000 in Bond Anticipation Notes to provide temporary financing for road and drainage improvements and the new Orchard Hill School construction.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and any annual change. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, public works, sanitation, culture and recreation, debt service and general administration. Property taxes, charges for services and state and federal grants finance these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (such as the Sewer Operating Fund) or to show that it is meeting legal responsibilities for using grants and other money (such as grants received for education from the State and Federal governments). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. The Town's proprietary fund consists of the Town's internal service fund and is used to report the Town's self-insurance program.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans and other post employment benefit plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's government-wide activities net position changed from a year ago, increasing from \$125,192,032 to \$ 125,298,784. Net position may serve over time as a useful indicator of a Town's financial position and an important determinant of its ability to finance services in the future. Town of South Windsor's total assets exceeded liabilities by \$106,752 at the close of the most recent fiscal year.

By far, the largest portion of the Town of South Windsor's net position \$110,562,274 or 88.2% reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, water systems and infrastructure) less related outstanding debt used to acquire those assets. The Town of South Windsor uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of South Windsor's investment in its capital assets is

reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. 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**

	Governmental Activities	
	2016	2015
Current assets	\$ 50,544,868	\$ 35,582,325
Capital assets, net of accumulated depreciation	197,449,200	187,515,660
Total assets	<u>247,994,068</u>	<u>223,097,985</u>
Deferred outflows of resources	<u>8,318,920</u>	<u>4,245,772</u>
Long-term liabilities outstanding	32,504,561	12,572,125
Other liabilities	98,173,624	88,482,558
Total liabilities	<u>130,678,185</u>	<u>101,054,683</u>
Deferred inflows of resources	<u>336,019</u>	<u>1,097,042</u>
Net Position:		
Net investment in capital assets	121,725,879	122,049,902
Unrestricted	<u>3,572,905</u>	<u>3,142,130</u>
Total Net Position	<u>\$ 125,298,784</u>	<u>\$ 125,192,032</u>

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 11,855,782	\$ 11,333,758
Operating grants and contributions	25,240,431	24,249,007
Capital grants and contributions	1,470,155	385,658
General revenues:		
Property taxes	91,922,703	90,037,532
Grants and contributions not restricted to specific purposes	1,603,494	1,532,895
Unrestricted investment earnings	121,033	183,329
Other general revenues	32,101	26,834
Total revenues	<u>132,245,699</u>	<u>127,749,013</u>
Expenses:		
General government	9,644,225	4,680,398
Public safety	12,259,882	10,116,105
Public works	15,648,511	18,662,827
Human services	1,516,678	1,469,110
Culture and recreation	7,649,148	5,799,240
Education	83,800,549	85,125,614
Debt service	1,619,954	1,508,063
Total expenses	<u>132,138,947</u>	<u>127,361,357</u>
Increase in Net Position	<u>\$ 106,752</u>	<u>\$ 387,656</u>

As noted above, total revenues were \$132,245,699 and the total cost of all programs and services was \$132,138,947. Our analysis below considers the operations of the fiscal year's governmental activities.

Governmental Activities

The Town's net position increased \$106,752 during the current fiscal year. This increase reflects total revenues generated through increased property tax revenues, and other various revenues that exceed operating costs. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements changed from \$3.1 million at June 30, 2015 to \$14.7 million at the end of this year.

For governmental activities, approximately 69.5% of the revenues were derived from property taxes, followed by 19.1% in other intergovernmental revenues and 8.96% in charges for services. Two categories reflect an increase as compared to the prior fiscal year where other intergovernmental revenues were 18.9% and charges for services were 8.87% and property taxes decreased slightly from prior year of 70.4% of total revenues.

Major revenue factors included:

- Property tax revenues recorded during fiscal year 2016 reflect a 1.03 mill increase in the mill rate for the current levy and the impact of a 1.86% growth in the grand list. There was \$1,885,171 more in property tax revenues collected over the previous year.
- Charges for services were \$522,024 higher than the prior year due to higher conveyance tax and building permit activity due to several large economic development programs.
- Operating grants reflected an increase of \$991,424 mainly due to State and Federal grants funding payments for Education and increases in the State Teacher Retirement Revenue.
- Capital grants and contributions reflected an increase of \$1,084,497 over the previous year due to grant reimbursement requests for construction costs on the new Orchard Hill Elementary School.

For governmental activities, 63.42% of the Town's expenditures relate to education, 11.8% to public works, 9.28% to public safety, 7.30% for general government and 5.79% to culture and recreation. These percentages are fairly consistent with the prior year,

During the state budget sessions in February of 2016, there was discussion that municipal aid to Towns would likely be cut. Although this ultimately did not happen, The Town Manager took a conservative approach and instituted a spending freeze for all departments. Unfilled positions in Building Maintenance, Police and Public Works combined with mild winter temperatures resulted in lower than expected salary costs.

The Town continues to employ various cost control methods to keep expenditures as low as possible. These involve ongoing monthly review of all town expenditures as compared to budget; Town Manager review of all purchase orders; and shared service purchasing or state-contract equipment and supplies where possible. The Town continues to be proactive in controlling employee benefit costs through implementation of wellness incentives; working with our insurance broker and negotiating with bargaining units.

Table 3 presents the cost of each of the Town's programs - general government, public safety, public works, human services, culture and recreation, education and debt service - 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

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
General government	\$ 9,644,225	\$ 4,680,398	\$ (7,102,442)	\$ (2,775,116)
Public safety	12,259,882	10,116,105	(11,873,991)	(9,909,403)
Public works	15,648,511	18,662,827	(9,359,254)	(13,518,975)
Human services	1,516,678	1,469,110	(1,202,107)	(1,265,184)
Culture and recreation	7,649,148	5,799,240	(5,079,776)	(2,830,725)
Education	83,800,549	85,125,614	(57,335,055)	(59,585,468)
Debt service	1,619,954	1,508,063	(1,619,954)	(1,508,063)
Total	<u>\$ 132,138,947</u>	<u>\$ 127,361,357</u>	<u>\$ (93,572,579)</u>	<u>\$ (91,392,934)</u>

Town Funds Financial Analysis

Governmental Funds

The Town's governmental funds (as presented in the balance sheet - Exhibit III) reported combined ending fund balances of \$9,736,910, inclusive of an unassigned fund balance of \$4,292,955.

The General Fund is the operating fund of the Town. Fund balance of the Town's General Fund increased by \$3,273,518 during the current fiscal year. At June 30, 2016, unassigned fund balance of the General Fund was \$8,035,255 while total fund balance was \$10,131,880.

The Town's collection rate in fiscal year 2016 was 98.8%, which is a .4% increase over previous year and remains consistent with the collection rate over the past five fiscal years.

General Fund Budgetary Highlights

The approved Town budget (including education) for fiscal year 2015/2016 was \$108,855,820. Education expenses continued to be the largest component at 64.3%, followed by public safety at 7.7%, and public works at 7.1%.

During the year, actual revenues and other financing sources on a budgetary basis were \$109,801,600, which exceeded budgetary estimates by \$945,780. Actual tax revenues exceeded budget by \$1,359,908 due to aggressive pursuit of delinquent taxes and greater than anticipated supplemental vehicle billing and collections. Charges for current services exceeded budget expectations by \$962,396 primarily due to increased activity for building permits, higher Town Clerk fees, a sale of Town owned land and a vendor bankruptcy settlement. The building permit fees collected reflect the increased activity in new construction and economic development. Investment income was \$78,902 over budget due to investing a portion of cash not currently needed into longer term investments for higher interest rates. Other financing sources included \$6,347 for cancellation of previous year encumbrances.

Actual expenditures on a budgetary basis and other financing uses totaled \$107,585,565, which was less than budgeted by \$1,268,409. Total general government accounts were under budget by \$277,356 due to lower than anticipated legal costs, payroll savings and cost containment due to a Town-wide spending freeze. Public Safety and Public Works accounts contributed \$432,985 and \$446,376 respectively to the overall positive variance due to unfilled positions, overtime savings and the spending freeze. Education accounts were \$120,000 favorable due to savings from regular education programs, in-service reductions and vacant positions not filled.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Asset

The Town of South Windsor's investment in capital assets as of June 30, 2016 totals \$197,449,200 (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, bridges, machinery and equipment, vehicles park facilities, wastewater collection systems and construction in progress. The increase in total capital assets, net of depreciation, over the prior fiscal year was \$9,933,540.

Major capital asset activity during the current fiscal year included the following:

- Construction in Progress increases for a new elementary school, road and drainage projects funded by bonds and bond anticipation notes;
- Addition of general government and road infrastructure projects financed by bonds and capital budget and;
- Depreciation expense in the amount of \$5,709,770.

Additional information on the Town's capital assets can be found in Note 5 of the Basic Financial Statements.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2016	2015
Land	\$ 17,892,095	\$ 17,850,095
Buildings	63,704,078	65,386,421
Improvements other than buildings	18,353,629	17,551,870
Furniture and equipment	5,621,311	6,471,366
Infrastructure	77,659,414	77,435,549
Construction in progress	14,218,673	2,820,359
Total	<u>\$ 197,449,200</u>	<u>\$ 187,515,660</u>

Long-Term Debt

At June 30, 2016, the Town had \$60,830,009 in bonds and notes outstanding versus \$60,896,991 last year as shown in Table 5. The Town of South Windsor maintains an AA+ rating for Standard and Poor's and an Aa2 rating from Moody's Investors Service.

TABLE 5
OUTSTANDING DEBT

	Governmental Activities	
	2016	2015
General Obligation Bonds and Notes	<u>\$ 60,830,009</u>	<u>\$ 60,896,991</u>

The Town issued bond anticipation notes (BANS) in the amount of \$21,360,000 for various school projects, road infrastructure projects and the construction of a new elementary school and road and drainage projects. The plan is to issue bonds after projects are completed and after the projected opening of the new school in August 2017.

The overall statutory debt limit for the Town of South Windsor is equal to seven times annual receipts from taxation or \$650 million. As of June 30, 2016, the Town recorded total net debt of \$92 million, well below its statutory debt limits.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2016/2017 adopted budget for the General Fund is \$112,563,178, an increase of \$3,707,358 (3.41%). The Town's elected and appointed officials considered many factors when adopting the budget, including the following:

- **Economic Conditions** - The Town Council recognized that the economy was slowly rebounding and felt it was a good time to add back infrastructure expenditures previously cut in prior years, while still maintaining a reasonable increase in taxes. Over the years, the Town's budget has been reduced considerably in order to accommodate the taxpayers of our community and keep the maximum level of services available. Each year, this task becomes more challenging with balancing the state aid reduction with increased contractual costs. During Fiscal Year 2016-2017 the State of Connecticut implemented a cap on the motor vehicle mill rate. The state-wide cap was set at a maximum of 37 mills for grand list year 2015 (billed and collected during Fiscal year 2016-2017) and a maximum of 32 mills for grand list year 2016 and each grand list year thereafter. As these economic times are tough throughout the state, the decisions made by the Town Council were made in order to ensure that taxpayers of the Town did not see significant tax increase.

Although the State of Connecticut adopted the budget late in the season and the municipalities were unsure of the amount of municipal aid coming from the State. The State contemplated for months about all programs, municipal aid and State employee layoffs. As the State is in turmoil it trickles down to the municipalities. This budget encompasses all of the State changes to date and represents a 3.41% overall expenditure increase with a 4.11% increase in Town Operating Expenditures and 1.98% in BOE

- **Town Assessments** - The grand list of real and personal property has grown by 1.86% over the previous year. This increase has a positive impact on the amount to be raised by taxes, in order to maintain the same level of service for Town residents.

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 Matthew B. Galligan, Town Manager, Town of South Windsor, 1540 Sullivan Avenue, South Windsor, Connecticut 06074.

Basic Financial Statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 41,153,497
Investments	86,454
Receivables, net	9,002,112
Inventory	31,526
Prepaid items	7,962
Other assets	263,317
Capital assets not being depreciated	32,110,768
Capital assets being depreciated, net of accumulated depreciation	165,338,432
Total assets	<u>247,994,068</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	1,092,318
Changes in pension actuarial experience	475,506
Changes in actuarial assumptions	2,871,369
Changes in projected pension investment earnings	3,879,727
Total deferred outflows of resources	<u>8,318,920</u>
Liabilities:	
Accounts payable and accrued liabilities	10,102,432
Unearned revenue	1,042,129
Notes payable	21,360,000
Noncurrent liabilities:	
Due within one year	7,120,367
Due in more than one year	91,053,257
Total liabilities	<u>130,678,185</u>
Deferred Inflows of Resources:	
Advance property tax collections	25,766
Changes in pension actuarial assumptions	310,253
Total deferred inflows of resources	<u>336,019</u>
Net Position:	
Net investment in capital assets	121,725,879
Unrestricted	<u>3,572,905</u>
Total Net Position	<u>\$ 125,298,784</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

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	\$ 9,644,225	\$ 2,182,425	\$ 287,925	\$ 71,433	\$ (7,102,442)
Public safety	12,259,882	187,007	198,884		(11,873,991)
Public works	15,648,511	4,501,771	388,764	1,398,722	(9,359,254)
Human services	1,516,678	208,544	106,027		(1,202,107)
Culture and recreation	7,649,148	2,519,572	49,800		(5,079,776)
Education	83,800,549	2,256,463	24,209,031		(57,335,055)
Interest on long-term debt	1,619,954				(1,619,954)
Total	<u>\$ 132,138,947</u>	<u>\$ 11,855,782</u>	<u>\$ 25,240,431</u>	<u>\$ 1,470,155</u>	<u>(93,572,579)</u>
General revenues:					
Property taxes					91,922,703
Grants and contributions not restricted to specific programs					1,603,494
Unrestricted investment earnings					121,033
Miscellaneous					32,101
Total general revenues					<u>93,679,331</u>
Change in net position					106,752
Net Position at Beginning of Year					<u>125,192,032</u>
Net Position at End of Year					<u>\$ 125,298,784</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 34,992,842	\$	\$ 101,904	\$ 1,286,917	\$ 36,381,663
Investments				86,454	86,454
Receivables, net	4,840,911	3,445,037	651,492	64,672	9,002,112
Due from other funds	329,253	19,610,758	753,723	2,894,935	23,588,669
Other assets				39,488	39,488
Total Assets	<u>\$ 40,163,006</u>	<u>\$ 23,055,795</u>	<u>\$ 1,507,119</u>	<u>\$ 4,372,466</u>	<u>\$ 69,098,386</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 2,508,821	\$ 5,036,031	\$ 315,806	\$ 595,639	\$ 8,456,297
Due to other funds	23,259,416			329,253	23,588,669
Notes payable		21,360,000			21,360,000
Unearned revenue		325,954		716,175	1,042,129
Total liabilities	<u>25,768,237</u>	<u>26,721,985</u>	<u>315,806</u>	<u>1,641,067</u>	<u>54,447,095</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	4,237,123				4,237,123
Unavailable revenue - sewer use			651,492		651,492
Advance property tax collections	25,766				25,766
Total deferred inflows of resources	<u>4,262,889</u>	<u>-</u>	<u>651,492</u>	<u>-</u>	<u>4,914,381</u>
Fund balances:					
Nonspendable				39,488	39,488
Restricted				839,148	839,148
Committed			539,821	1,928,873	2,468,694
Assigned	2,096,625				2,096,625
Unassigned	8,035,255	(3,666,190)		(76,110)	4,292,955
Total fund balances	<u>10,131,880</u>	<u>(3,666,190)</u>	<u>539,821</u>	<u>2,731,399</u>	<u>9,736,910</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 40,163,006</u>	<u>\$ 23,055,795</u>	<u>\$ 1,507,119</u>	<u>\$ 4,372,466</u>	<u>\$ 69,098,386</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016

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

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

Fund balances - total governmental funds	\$ 9,736,910
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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	\$ 346,242,070	
Less accumulated depreciation	<u>(148,792,870)</u>	
Net capital assets		197,449,200

Long term assets and deferred outflows of resources are not
available to pay for current-period expenditures and, therefore, are
not recorded in the funds:

Property tax receivables greater than 60 days	2,348,354
Interest receivable on property taxes	1,888,768
Assessments and user fee receivable	612,810
Interest receivable on assessments and user fees	38,682
Net OPEB asset	44,994
Deferred outflows related to changes in pension actuarial experience	475,506
Deferred outflows related to changes in actuarial assumptions	2,871,369
Deferred outflows related to changes in projected pension investment earnings	3,879,727

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.

3,800,850

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

Net pension liability	(23,466,481)
Deferred inflows related to changes in pension actuarial assumptions	(310,253)
Bonds and notes payable	(60,830,009)
Interest payable on bonds and notes	(456,827)
Compensated absences	(8,087,899)
Capital lease	(4,107,494)
Unamortized bond premium	(1,681,741)
Deferred charge on refunding	<u>1,092,318</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 125,298,784</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General	Capital Projects Fund	Sewer Operating Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 92,999,372	\$	\$	\$	\$ 92,999,372
Intergovernmental	21,589,783	1,371,599		4,820,769	27,782,151
Charges for services	2,379,396	118,813	4,278,782	5,143,774	11,920,765
Investment earnings	108,902		98	2,262	111,262
Miscellaneous		98,556	22,087	342,904	463,547
Total revenues	<u>117,077,453</u>	<u>1,588,968</u>	<u>4,300,967</u>	<u>10,309,709</u>	<u>133,277,097</u>
Expenditures:					
Current:					
General government	3,292,016			268,646	3,560,662
Public safety	8,111,848			208,657	8,320,505
Public works	7,073,306		3,460,599	609,774	11,143,679
Human services	871,198			250,048	1,121,246
Culture and recreation	2,804,943			2,141,729	4,946,672
Insurance and sundry	6,556,833				6,556,833
Education	76,768,518			6,612,994	83,381,512
Debt service	6,874,897				6,874,897
Capital outlay		18,260,516			18,260,516
Total expenditures	<u>112,353,559</u>	<u>18,260,516</u>	<u>3,460,599</u>	<u>10,091,848</u>	<u>144,166,522</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,723,894</u>	<u>(16,671,548)</u>	<u>840,368</u>	<u>217,861</u>	<u>(10,889,425)</u>
Other Financing Sources (Uses):					
Issuance of general obligation bonds		4,300,000			4,300,000
Issuance of capital lease		2,946,407			2,946,407
Premium on bond issuance	207,067				207,067
Transfers in	57,537	1,681,000	23,000		1,761,537
Transfers out	(1,714,980)		(718,240)	(43,297)	(2,476,517)
Total other financing sources (uses)	<u>(1,450,376)</u>	<u>8,927,407</u>	<u>(695,240)</u>	<u>(43,297)</u>	<u>6,738,494</u>
Net Change in Fund Balances	3,273,518	(7,744,141)	145,128	174,564	(4,150,931)
Fund Balances at Beginning of Year	<u>6,858,362</u>	<u>4,077,951</u>	<u>394,693</u>	<u>2,556,835</u>	<u>13,887,841</u>
Fund Balances at End of Year	<u>\$ 10,131,880</u>	<u>\$ (3,666,190)</u>	<u>\$ 539,821</u>	<u>\$ 2,731,399</u>	<u>\$ 9,736,910</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

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)	\$ (4,150,931)
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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	16,874,385
Depreciation expense	(5,709,770)

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.

(1,231,075)

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	(666,901)
Property tax interest and lien revenue - accrual basis change	(409,768)
Sewer user fees and assessment receivable - accrual basis change	35,219
Sewer user fees and assessment interest receivable - accrual basis change	2,820
Deferred outflows related to changes in pension actuarial experience	(573,574)
Deferred outflows related to changes in projected pension investment earnings	1,865,104
Deferred outflows related to changes in pension actuarial assumptions	2,871,369

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 principal payments	3,005,000
Note payments	1,361,982
Issuance of bonds and notes	(4,300,000)
Premium on bonds	(207,068)
Capital lease payments	839,397
Issuance of capital lease	(2,946,407)

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	(46,189)
Accrued interest	(20,153)
Amortization of deferred charge on refunding	(89,751)
Amortization of bond premiums	158,469
Net pension liability	(7,556,250)
Deferred inflows related to changes in pension actuarial assumptions	775,630
Net OPEB expense	18,574

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.

206,640

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>106,752</u>
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TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2016

	Governmental Activities Internal Service Fund
Assets:	
Cash and cash equivalents	\$ 4,771,834
Prepaid expenses	<u>218,323</u>
Total assets	<u>4,990,157</u>
Liabilities:	
Accounts and other payables	<u>1,189,307</u>
Net Position:	
Unrestricted	\$ <u><u>3,800,850</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Governmental Activities Internal Service Fund
Operating Revenues:	
Charges for services	\$ 17,157,920
Operating Expenses:	
Employee benefits	<u>17,676,031</u>
Operating Loss	(518,111)
Nonoperating Revenue:	
Income on investments	<u>9,771</u>
Loss Before Transfers	(508,340)
Transfer In	<u>714,980</u>
Change in Net Position	206,640
Net Position at Beginning of Year	<u>3,594,210</u>
Net Position at End of Year	<u><u>\$ 3,800,850</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from premiums - Town departments and agencies	\$ 17,157,920
Claims paid	<u>(17,631,749)</u>
Net cash provided by (used in) operating activities	(473,829)
Cash Flows from Noncapital Financing Activities:	
Contributions from other funds	714,980
Cash Flows from Investing Activities:	
Income from investments	<u>9,771</u>
Net Increase (Decrease) in Cash and Cash Equivalents	250,922
Cash and Cash Equivalents at Beginning of Year	<u>4,520,912</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>4,771,834</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in)	
Operating Activities:	
Operating income (loss)	\$ <u>(518,111)</u>
Adjustments to reconcile operating income (loss) to net cash provided by	
(used in) operating activities:	
(Increase) decrease in accounts receivable	57,298
(Increase) decrease in prepaid assets	(218,323)
Increase (decrease) in accounts and other payables	<u>205,307</u>
Total adjustments	<u>44,282</u>
Net Cash Provided by (Used In) Operating Activities	\$ <u><u>(473,829)</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 2,085,924	\$ 1,551,976
Investments:		
Mutual funds	<u>34,704,634</u>	
Total assets	<u>36,790,558</u>	<u>\$ 1,551,976</u>
Liabilities:		
Accounts payable		\$ 35,207
Due to other groups		<u>1,516,769</u>
Total liabilities	<u>-</u>	<u>\$ 1,551,976</u>
Net Position:		
Restricted for Pension Benefits and Other Purposes	<u>\$ 36,790,558</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Pension and Other Employee Benefit Trust Funds
	<hr/>
Additions:	
Contributions:	
Employer	\$ 3,289,131
Plan members	549,294
Total contributions	<hr/> 3,838,425
Investment earnings:	
Net change in fair value of investments	<hr/> (398,302)
Total additions	<hr/> 3,440,123
Deductions:	
Benefits	3,153,801
Administration	137,091
Total deductions	<hr/> 3,290,892
Change in Net Position	149,231
Net Position at Beginning of Year	<hr/> 36,641,327
Net Position at End of Year	<hr/> <hr/> \$ 36,790,558

The accompanying notes are an integral part of the financials statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of South Windsor (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 was incorporated in 1845. The Town operates under a Town Council/Town Manager form of government and provides the following services as authorized by its charter: public safety, public works, public health and social services, parks and recreation, and education.

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) 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. These criteria have been considered, and there are no agencies or entities that should be presented with the Town.

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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for the financial resources to be used for major capital asset construction and/or purchases.

The *Sewer Operating Fund* accounts for sewer use and assessment fees used to maintain sewer operations within the Town. The major sources of revenue for this fund is sewer assessments and use charges.

Additionally, the Town reports the following fund types:

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

The *Pension and Other Employee Benefit Trust Funds* account for the activities of the South Windsor Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees and also the accumulated resources and payments associated with both Town and Board of Education health insurance benefits to former qualified employees.

The *Agency Funds* account for monies held on behalf of students and amounts held for performance related activities.

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 functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied on all assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Assessed values are established by the Town Assessor's Office at 70% of appraised value. The tax bills are payable in two installments, July and January. In accordance with State Statutes, the oldest outstanding tax is collected first. Delinquent taxes are charged with interest at the rate of 1.5% per month. Outstanding real estate tax accounts are automatically lien'd each year prior to June 30.

In the governmental fund financial statements property tax revenues are recognized when they become available. Available means due or past due and received within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

G. 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 governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 for equipment, \$50,000 for improvements, and \$100,000 for infrastructure and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Roads	75
Bridges	50
Sewer collection pipes	75
Sewer collection manholes	75
Buildings	40
Improvements other than buildings	20
Machinery and equipment	5-20
Vehicles	6-20
Office equipment	10
Computer equipment	3

H. Deferred Outflows/Inflows of Resources

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

Town and noncertified Board of Education employees are granted vacation and sick leave and certified employees of the Board of Education are granted sick leave based upon length of employment. In the event of termination, employees are compensated for accumulated vacation and, depending on the terms of their union contract, sick time.

J. Net Pension Liability

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

K. Long-Term Obligations

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

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

L. Fund Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

Restrictions are 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. The Town currently has no assets under restriction.

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). The Town Council may commit resources by resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

Assigned Fund Balance

This balance represents 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.

Unassigned Fund Balance

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

M. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates of and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues expenditures during the fiscal year.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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 and Sewer Operating Fund financial statements.

- Prior to March 15, the Board of Education submits to the Town Council a proposed budget for the year commencing July 1. Prior to March 22, the Town Manager submits to the Town Council a proposed operating budget for the general government for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. By April 15, the Town Council must have the Board of Education budget ready for public hearing and by April 22, the Town Council must have the general government budget ready for public hearing.
- By April 30, public hearings are conducted on the Board of Education budget and by May 7, public hearings are conducted on the general government budget.
- By May 15, the Town Council shall adopt the Board of Education budget and by May 22, the Town Council shall adopt the general government budget.
- The Town Manager may transfer unencumbered funds within a department budget. The Town Council may transfer unencumbered funds between departments and is authorized to make additional appropriations. There were no additional appropriations approved during the year.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function 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 and Town Council approval.
- 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, or no expenditure from or encumbrance of the appropriation has been made for three consecutive fiscal years.

B. Fund Deficits

The following funds had a deficit fund balance at June 30, 2016:

Capital Projects	\$ 3,666,190
Cafeteria	43,780
BOE Accommodations	804
High School Athletic Association	317

These deficits will be funded with future charges for services and bonding.

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 the Statutes or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

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

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

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. 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.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, \$25,552,366 of the Town's bank balance of \$26,552,366 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 22,897,129
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>2,655,237</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 25,552,366</u></u>

Cash Equivalents

At June 30, 2016, the Town's cash equivalents amounted to \$18,579,789. 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.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm
Wells Fargo	*

*not rated

Investments

Investments as of June 30, 2016 in all funds are as follows:

Investment Type	Fair Value
Mutual funds	\$ 34,791,088

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. 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 limit its investment choices.

Concentration of Credit Risk

The Town's investment policy does not specify a limit for an investment in any one issuer.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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. At June 30, 2016, the Town had no uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

The Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

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, 2016:

	June 30, 2016	Fair Value Measurements Using Level 1	Level 2
Investments by fair value level:			
Mutual funds	\$ 34,791,088	\$ 33,218,278	\$ 1,572,810

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments.

4. RECEIVABLES

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

	General	Capital Projects	Sewer Operating Fund	Nonmajor and Other Funds	Total
Receivables:					
Interest	\$ 1,888,768	\$	\$ 38,674	\$	\$ 1,927,442
Taxes	3,460,451				3,460,451
Accounts	266,074	77,474	608,148	7,962	959,658
Intergovernmental	21,522	3,367,563		56,710	3,445,795
Special assessments			4,670		4,670
Gross receivables	5,636,815	3,445,037	651,492	64,672	9,798,016
Less allowance for uncollectibles:					
Taxes	(795,904)				(795,904)
Net Total Receivables	\$ 4,840,911	\$ 3,445,037	\$ 651,492	\$ 64,672	\$ 9,002,112

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,850,095	\$ 42,000	\$	\$ 17,892,095
Construction in progress	2,820,359	12,567,286	(1,168,972)	14,218,673
Total capital assets not being depreciated	<u>20,670,454</u>	<u>12,609,286</u>	<u>(1,168,972)</u>	<u>32,110,768</u>
Capital assets being depreciated:				
Buildings	127,851,704			127,851,704
Improvements other than buildings	25,586,793	1,715,306		27,302,099
Furniture and equipment	19,366,632	573,796	(246,439)	19,693,989
Infrastructure	137,136,574	3,144,969	(998,033)	139,283,510
Total capital assets being depreciated	<u>309,941,703</u>	<u>5,434,071</u>	<u>(1,244,472)</u>	<u>314,131,302</u>
Less accumulated depreciation for:				
Buildings	(62,465,283)	(1,682,343)		(64,147,626)
Improvements other than buildings	(8,034,923)	(913,547)		(8,948,470)
Furniture and equipment	(12,895,266)	(1,177,412)		(14,072,678)
Infrastructure	(59,701,025)	(1,936,468)	13,397	(61,624,096)
Total accumulated depreciation	<u>(143,096,497)</u>	<u>(5,709,770)</u>	<u>13,397</u>	<u>(148,792,870)</u>
Total capital assets being depreciated, net	<u>166,845,206</u>	<u>(275,699)</u>	<u>(1,231,075)</u>	<u>165,338,432</u>
Governmental Activities Capital Assets, Net	<u>\$ 187,515,660</u>	<u>\$ 12,333,587</u>	<u>\$ (2,400,047)</u>	<u>\$ 197,449,200</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 100,286
Public Safety	619,520
Public Works	2,481,159
Culture and recreation	389,370
Human Services	8,339
Education	2,111,096
Total Depreciation Expense - Governmental Activities	<u>\$ 5,709,770</u>

Construction Commitments

The Town has active construction projects as of June 30, 2016. At year end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Water Pollution Upgrades	\$ 481,841	\$ 17,482
Road Improvement Projects	8,723,262	4,157,741

The commitments are being financed by General Fund appropriations, permanent financing and participation in the State's Clean Water Fund Program.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

6. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions were processed through the General Fund on behalf of other funds. A summary of interfund balances as of June 30, 2016 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 329,253
Sewer Fund	General Fund	753,723
Capital Projects Funds	General Fund	19,610,758
Nonmajor Governmental Funds	General Fund	<u>2,894,935</u>
Total		<u>\$ 23,588,669</u>

Interfund receivables and payables generally represent temporary balances from reimbursement type transactions.

Interfund transfers:

	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Operating</u>	<u>Internal Service</u>	<u>Transfers Out</u>
Transfers out:					
General Fund	\$	\$ 1,000,000	\$	\$ 714,980	\$ 1,714,980
Sewer Assessment	37,240	681,000			718,240
Nonmajor Governmental	<u>20,297</u>		<u>23,000</u>		<u>43,297</u>
Total Transfers In	<u>\$ 57,537</u>	<u>\$ 1,681,000</u>	<u>\$ 23,000</u>	<u>\$ 714,980</u>	<u>\$ 2,476,517</u>

Transfers are for regularly reoccurring operational transactions.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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7. LONG-TERM DEBT

Changes in Long-Term Liabilities

A schedule of long-term liabilities outstanding at June 30, 2016 is presented below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Bonds and notes payable	\$ 60,896,991	\$ 4,300,000	\$ (4,366,982)	\$ 60,830,009	\$ 4,764,916
Premiums	1,633,143	207,067	(158,469)	1,681,741	
	<u>62,530,134</u>	<u>4,507,067</u>	<u>(4,525,451)</u>	<u>62,511,750</u>	<u>4,764,916</u>
Capital leases	2,000,484	2,946,407	(839,397)	4,107,494	739,958
Compensated absences	8,041,710	102,042	(55,853)	8,087,899	1,615,493
Net pension liability	<u>15,910,231</u>	<u>7,556,250</u>		<u>23,466,481</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 88,482,559</u>	<u>\$ 15,111,766</u>	<u>\$ (5,420,701)</u>	<u>\$ 98,173,624</u>	<u>\$ 7,120,367</u>

Bonds and notes payable at June 30, 2016 comprise the following:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2016
General Purpose:					
Refunding bond	3/13/2012	8/1/2025	2.0-4.0%	\$ 15,185,000	\$ 14,245,000
Improvement bond	2/15/2012	2/15/2022	1.0-2.0%	2,000,000	1,200,000
Improvement bond	2/19/2014	2/15/2034	2.0-5.0%	2,100,000	2,100,000
Refunding bond	6/4/2014	8/15/2022	2.0-5.0%	4,222,000	3,826,000
Improvement bond	2/18/2015	2/15/2035	1.75-4.0%	1,900,000	1,900,000
Improvement bond	2/17/2016	2/15/2036	2.0-5.0%	3,000,000	3,000,000
Schools:					
Improvement bond	2/19/2014	2/15/2034	2.0-5.0%	2,470,000	2,470,000
Refunding bond	6/4/2014	8/15/2022	2.0-5.0%	2,393,000	1,319,000
Improvement bond	2/18/2015	2/15/2035	1.75-4.0%	3,260,000	3,260,000
Improvement bond	2/17/2016	2/15/2036	2.0-5.0%	1,300,000	1,300,000
Sewer:					
Clean Water Note Vernon	1/1/2002	7/1/2021	2%	800,000	228,818
Treatment plant upgrade	12/31/1997	12/31/2016	2%	482,056	14,412
Clean Water Note Pleasant	11/30/2005	5/31/2025	2%	402,727	197,654
Clean Water Note Submersible station	12/28/2006	7/1/2026	2%	1,568,029	860,497
Clean Water Note	10/31/2012	12/30/2032	2%	27,516,583	23,158,628
Improvement bond	2/19/2014	2/15/2034	2.0-5.0%	1,750,000	<u>1,750,000</u>
Total					<u>\$ 60,830,009</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
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The following is a schedule of future debt service requirements as of June 30, 2016:

Fiscal Year Ending	Principal Payments	Interest Payments	Total Debt Service
2017	\$ 4,764,916	\$ 1,611,182	\$ 6,376,098
2018	4,057,966	1,474,612	5,532,578
2019	3,945,981	1,356,547	5,302,528
2020	3,924,562	1,240,741	5,165,303
2021	3,958,719	1,114,033	5,072,752
2022-2026	18,677,115	3,899,668	22,576,783
2027-2031	16,008,714	1,800,915	17,809,629
2032-2036	<u>5,492,036</u>	<u>307,279</u>	<u>5,799,315</u>
	<u>\$ 60,830,009</u>	<u>\$ 12,804,977</u>	<u>\$ 73,634,986</u>

Debt service expenditures were funded by the General Fund and the Sewer Operating Fund.

The Town issued \$4,300,000 of general obligation bonds on February 17, 2016 for various capital improvement projects. The bonds bear interest of 2.0%-5.0% and mature on February 15, 2036.

Legal Debt Limit

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 208,969,040	\$ 29,274,082	\$ 179,694,958
Schools	417,938,081	25,401,154	392,536,927
Sewers	348,281,734	37,933,421	310,348,313
Urban renewal	301,844,169		301,844,169
Pension deficit	278,625,387		278,625,387

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$650,125,903.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Authorized and unissued debt is as follows:

Project	Authorized	Bonds/BANS		Authorized But Unissued
		Issued	Grants	
Water Pollution Control Facility Project	\$ 47,000,000	\$ 27,516,583	\$ 7,760,005	\$ 11,723,412
Storm Alfred Debris Management and Removal Services	8,000,000	2,000,000	5,996,918	3,082
Orchard Hill Elementary School Project	33,521,724	15,500,000	969,570	17,052,154
2014 - Road / Drainage Improvements	<u>12,000,000</u>	<u>9,000,000</u>		<u>3,000,000</u>
Total	\$ <u>100,521,724</u>	\$ <u>54,016,583</u>	\$ <u>14,726,493</u>	\$ <u>31,778,648</u>

Capital Leases

The Town has entered into lease agreements for the purchase of various data processing equipment and copiers, public works equipment, a voicemail system, a minibus, communication equipment and vehicles. The annual payments for the agreements are provided for by annual general fund appropriations.

Capital leases that are currently capitalized under the category of machinery and equipment were as follows:

Cost	\$ 5,347,226
Accumulated depreciation	<u>(1,056,322)</u>
Net Leased Equipment	\$ <u>4,290,904</u>

The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments at June 30, 2016:

Fiscal Year	Amount
2017	\$ 898,097
2018	785,886
2019	746,812
2020	630,697
2021	630,697
2022-2025	1,026,267
Less amount representing interest	<u>(610,962)</u>
Present Value of Minimum Lease Payments	\$ <u>4,107,494</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Bond Anticipation Notes

The Town issued bond anticipation notes on February 17, 2016 maturing on February 16, 2017 for \$21,360,000. The current interest rate on the notes is 2.00% and is recorded as a liability in the Capital Projects Fund. The following is a schedule of bond anticipation note activity for the fiscal year ended June 30, 2016:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
Various School Projects	2/17/2016	2/16/2017	2.00%	\$	\$ 360,000	\$	\$ 360,000
Various School Projects	2/18/2015	2/17/2016	1.25%	1,160,000		(1,160,000)	-
Road and Drainage Improvements	2/17/2016	2/16/2017	2.00%		6,000,000		6,000,000
Road and Drainage Improvements	2/18/2015	2/17/2016	1.25%	5,500,000		(5,500,000)	-
Orchard Hill Elementary Project	2/17/2016	2/16/2017	2.00%		15,000,000		15,000,000
Orchard Hill Elementary Project	2/20/2013	2/19/2014	1.25%	500,000		(500,000)	-
Total				<u>\$ 7,160,000</u>	<u>\$ 21,360,000</u>	<u>\$ (7,160,000)</u>	<u>\$ 21,360,000</u>

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. Plan Description and Benefits Provided

The Town is the administrator of two single-employer, defined benefit pension plans, the Town Plan and Board of Education Plan. Plan provisions are established and amended by the Town Council and Board of Education. The first plan includes the following groups of Town employees: management, police union, Town Hall union, highway union, pollution union, library and dispatchers' union. The second plan covers Board of Education management, custodians, secretaries and nurses. The two pension plans are part of the Town's financial reporting entity and are accounted for as pension trust funds. The plans do not issue separate, stand-alone financial reports.

Management of the plans rests with the Pension Committee, which consists of nine members. The Pension Committee is comprised of the Town Manager, Finance Director, the Mayor or designee, two members of the Town Council appointed by the Town Council, two Town employees appointed by the Town Manager, and two committee members representing the Town Board of Education. The Pension Committee members appointed by the Town Council are appointed for two-year terms, except that the terms shall expire concurrent with their term of office or when they leave their council position.

As of July 1, 2015, the plans' membership consisted of:

	<u>Town Plan</u>	<u>Board of Education Plan</u>
Retirees and beneficiaries currently receiving benefits	79	61
Terminated members entitled to benefits but not yet receiving them	17	20
Current active members	90	77
Total	<u>186</u>	<u>158</u>

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The pension trust funds' financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contractual requirements, and investment income is recognized when earned. Expenses (benefits and administration) are recognized when due and payable in accordance with the terms of each plan.

Valuation of Investments

Investments are valued at fair value, based upon quoted market prices. Securities traded on national exchanges are valued at the last reported sales price.

Benefit Provisions

Town Plan

Employees become eligible to participate in the plan upon completing one year of continuous service, attaining age 21 and agreeing in writing to make required employee contributions. Police officers are 100% vested after completing ten years of continuous service. Highway, dispatchers, pollution union, town hall, management and library employees are 100% vested after completing five years of continuous service.

Board of Education Plan

Employees become eligible to participate in the plan upon completing one year of continuous service, attaining age 21 and agreeing in writing to make required employee contributions. Employees are 100% vested after completing five years of continuous service.

C. Funding Policy

Employer Contributions

The Town is required to contribute amounts necessary to fund benefits. The Town's contributions to both plans are actuarially determined on an annual basis using the Entry Age Normal Cost Method. For both plans, administrative costs are generally financed through investment earnings.

Employee Contributions

Required employee contribution rates under the Town Plan are 7.75% of covered payroll for police employees, 6% for dispatchers and 4.5% for all other employees. Participants in the Board of Education Plan contribute 4.5% of covered payroll.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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D. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2016:

Asset Class	Targeted Allocation
U.S. Core Fixed Income	18%
U.S. Core Bonds	14%
U.S. High Yield Bonds	4%
U.S. Large Caps	10%
Mid/Small Cap US Equities	5%
U.S. Large Growth	15%
U.S. Large Value	15%
Non-US Equity	15%
Global REITS	5%

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments for the Town and Board of Education plans, net of pension plan investment expense, were -1.15% and -1.07%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the Town

The components of the net pension liability of the Town and Board of Education plans at June 30, 2016, were as follows:

	Town	Board of Education
Total pension liability	\$ 42,448,680	\$ 16,067,007
Plan fiduciary net position	<u>23,130,493</u>	<u>11,918,713</u>
Net Pension Liability	<u>\$ 19,318,187</u>	<u>\$ 4,148,294</u>
Plan fiduciary net position as a percentage of the total pension liability	54%	74%

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Actuarial Assumptions

The total pension liability for the Town and Board of Education plans were determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.7%
Salary increases	3.0%, average, including inflation
Investment rate of return	7.25% for the Town and Board of Education, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table for with generational projection per Scale BB.

The amortization period has been changed from open to closed (29 years effective July 1, 2015)

The long-term expected rate of return on pension plan investments was determined using a building-block method 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. Best estimates of arithmetic real rates of return included in the pension plan's target asset allocation as of June 30, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
U.S. Core Fixed Income	2.46%
U.S. Core Bonds	2.26%
U.S. High Yield Bonds	4.35%
U.S. Large Caps	4.10%
Mid/Small Cap US Equities	4.59%
U.S. Large Growth	4.54%
U.S. Large Value	3.92%
Non-US Equity	5.05%
Global REITS	4.28%

Discount Rate

The discount rate used to measure the total pension liability for the Town and Board of Education plans was 7.25%. 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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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The discount rate for the Town plan was adjusted as of June 30, 2016 from 7.50% to 7.25%.

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

The following presents the net pension liability of the Town and Board of Education, calculated using the discount rate of 7.25%, as well as what the Town and Board of Education's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's Net Pension Liability	\$ 24,183,852	\$ 19,318,187	\$ 15,253,752
Board of Education's Net Pension Liability	5,829,031	4,148,294	2,718,865

F. Changes in the Net Pension Liability

Town Pension Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2015	\$ 37,268,971	\$ 23,202,956	\$ 14,066,015
Changes for the year:			
Service cost	566,952		566,952
Interest on total pension liability	2,931,266		2,931,266
Differences between expected and actual experience	234,828		234,828
Changes in assumptions	3,242,915		3,242,915
Employer contributions		1,727,470	(1,727,470)
Member contributions		345,568	(345,568)
Net investment income (loss)		(276,685)	276,685
Benefit payments, including refund to employee contributions	(1,796,252)	(1,796,252)	-
Administrative expenses		(72,564)	72,564
Net changes	5,179,709	(72,463)	5,252,172
Balances as of June 30, 2016	\$ 42,448,680	\$ 23,130,493	\$ 19,318,187

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Amounts reported as changes in assumptions resulted from the change in the discount rate from 6.98% to 7.50%.

Board of Education Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 13,834,335	\$ 11,990,119	\$ 1,844,216
Changes for the year:			
Service cost	391,848		391,848
Interest on total pension liability	1,108,213		1,108,213
Differences between expected and actual experience	28,823		28,823
Changes in assumptions	1,346,357		1,346,357
Employer contributions		535,965	(535,965)
Member contributions		203,726	(203,726)
Net investment income (loss)		(126,326)	126,326
Benefit payments, including refund to employee contributions	(642,569)	(642,569)	-
Administrative expenses		(42,202)	42,202
Net changes	2,232,672	(71,406)	2,304,078
Balances as of June 30, 2016	\$ 16,067,007	\$ 11,918,713	\$ 4,148,294

G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the Town and Board of Education pension plans recognized pension expense of \$3,457,523 and \$1,423,633, respectively. At June 30, 2016, the Town and Board of Education pension plans reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Town	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 302,284	\$
Changes of assumptions	1,945,749	310,253
Net difference between projected and actual earning on pension plan investments	2,557,418	
Total	\$ 4,805,451	\$ 310,253

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	<u>Board of Education Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 173,222
Changes of assumptions	925,620
Net difference between projected and actual earning on pension plan investments	<u>1,322,309</u>
Total	<u>\$ 2,421,151</u>

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

<u>Year Ending June 30,</u>	<u>Town</u>	<u>BOE</u>
2017	\$ 1,980,774	\$ 957,347
2018	1,400,300	803,941
2019	721,649	460,146
2020	392,475	199,717

H. Combining Statements

	<u>Town Plan</u>	<u>Board of Education Plan</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>TOTAL</u>
Assets:				
Cash and cash equivalent	\$ 344,572	\$	\$ 1,741,352	\$ 2,085,924
Investments, at fair value:				
Mutual funds	<u>22,785,921</u>	<u>11,918,713</u>	<u></u>	<u>34,704,634</u>
Total Assets	<u>\$ 23,130,493</u>	<u>\$ 11,918,713</u>	<u>\$ 1,741,352</u>	<u>\$ 36,790,558</u>
Net Position Restricted for Pension Benefits	<u>\$ 23,130,493</u>	<u>\$ 11,918,713</u>	<u>\$ 1,741,352</u>	<u>\$ 36,790,558</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
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	Town Plan	Board of Education Plan	Other Post Employment Benefit Trust Fund	Total
Additions:				
Contributions:				
Employer	\$ 1,727,470	\$ 535,965	\$ 1,025,696	\$ 3,289,131
Employee	345,568	203,726		549,294
Total contributions	2,073,038	739,691	1,025,696	3,838,425
Investment income (loss):				
Net change in fair value of investments	(276,685)	(126,326)	4,709	(398,302)
Total additions	1,796,353	613,365	1,030,405	3,440,123
Deductions:				
Benefits	1,796,252	642,569	714,980	3,153,801
Administration	72,564	42,202	22,325	137,091
Total deductions	1,868,816	684,771	737,305	3,290,892
Changes in Net Position	(72,463)	(71,406)	293,100	149,231
Net Position at July 1, 2015	23,202,956	11,990,119	1,448,252	36,641,327
Net Position at June 30, 2016	\$ 23,130,493	\$ 11,918,713	\$ 1,741,352	\$ 36,790,558

Teachers Retirement

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

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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.

Employees

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

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

At June 30, 2016, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>91,603,357</u>
Total	\$ <u>91,603,357</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. At June 30, 2016, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the Town recognized pension expense and revenue of \$7,339,737 in Exhibit II for on-behalf amounts for the benefits provided by the State.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
Total	100.0%	

F. Discount Rate

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

H. 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.

Defined Contribution Plan

A. Plan Description

The Town is the administrator of a single-employer, defined contribution pension plan, the Town of South Windsor Employee Benefit Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan covers Town nonbargaining unit employees, members of the Police Union hired after July 1, 2005 and members of the Public Works, Community Service officers and Pollution Control unions hired after July 1, 2008.

B. Plan Provisions

Town nonbargaining unit employees, members of the Police Union hired after July 1, 2005 and members of the Public Works, Community Service Officers and Pollution Control Unions hired after July 1, 2008 who have completed a 12-month period of service shall be eligible to participate in the Plan at the beginning of the payroll period next commencing thereafter. There is no minimum age requirement. For Police, Public Works, Community Service Officers and Pollution Control Union members, benefits vest 20% per year, reaching 100% after five years of participation. For Town nonbargaining unit employees, benefits vest 100% upon eligibility of the employee. Plan provisions and the authority to amend the provisions are established by the Town Council.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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C. Contribution Requirements and Contributions Made

The employer contribution for members of the Police Union hired after July 1, 2005 and Public Works, Community Service Officers and Pollution Control Unions hired after July 1, 2008 is 6.0% of earnings. The total Town contribution during the year ended June 30, 2016 for these groups was \$101,030 and represented 6.0% of covered payroll. The employees' contributions were \$110,988 and represented the required 6.0% of covered payroll plus any additional contributions up to the IRS allowable maximum. The employer contribution for Town management group employees is 12.07% of earnings. The total Town contribution during the year ended June 30, 2016 for this group was \$340,916 and represented 12.07% of covered payroll. The employees' required contributions were \$129,560 and represented 4.5% of covered payroll. The authority to establish and amend contribution requirements is by the Town Council.

D. Employer and Employee Obligations

Members are required to contribute between 4.5% and 6.0% of their annual earnings. The Town is required to contribute between 6.0% and 12.07% of the members' annual earnings.

9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2016 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 31,526	\$ 31,526
Prepaid items				7,962	7,962
Restricted for:					
Education				8,280	8,280
Public safety programs				167,334	167,334
Public works infrastructure programs				184,216	184,216
Health and welfare				479,318	479,318
Committed to:					
General government				288,059	288,059
Public safety				65,852	65,852
Public works			539,821		539,821
Culture and recreation				1,429,368	1,429,368
Education				145,594	145,594
Assigned to:					
Subsequent year's budget	600,000				600,000
General government	1,375				1,375
Public safety	1,400				1,400
Public works	341,361				341,361
Health and welfare	33,141				33,141
Culture and recreation	28,084				28,084
Education	1,091,264				1,091,264
Unassigned	8,035,255	(3,666,190)		(76,110)	4,292,955
Total Fund Balances	\$ 10,131,880	\$ (3,666,190)	\$ 539,821	\$ 2,731,399	\$ 9,736,910

Encumbrances of \$1,496,625 are contained in the above table in the assigned categories of the General Fund and \$10,340 and \$41,235 in the committed category of the Sewer Operating fund and nonmajor governmental funds, respectively.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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10. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; public official liabilities; police liability; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain the risk for the Town and Board of Education employees' medical claims. This fund is reported as an Internal Service Fund. During the year, deductibles paid by the Town were insignificant. Settled claims have not exceeded insurance in any of the past three years. There were no significant reductions in insurance coverage from amounts held the prior year.

A third party administers the medical insurance plan for which the Town pays a fee. The Town has purchased a stop loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$175,000.

The medical insurance fund is substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability is based on the requirements of GASB Statements Nos. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
Medical Insurance Fund:				
2014-2015	\$ 929,000	\$ 16,103,648	\$ 16,048,648	\$ 984,000
2015-2016	984,000	17,676,031	17,470,724	1,189,307

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

**TOWN OF SOUTH WINDSOR, CONNECTICUT
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The Town is also a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million per occurrence.

11. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The Town, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The plan is a single-employer plan that covers Police, Town, Teachers and Board of Education employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The Town does not issue separate stand-alone financial statements for the plan.

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

Active members	844
Retired members	65
Spouses of retired members	<u>27</u>
Total Participants	<u><u>936</u></u>

B. Funding Policy

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. The Town has established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits, which is reported as a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town have 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. The funding strategy for postemployment obligations is based on the following:

Teachers and Administrators

- Those individuals retired under the Connecticut State Teachers Retirement system shall be eligible to receive health benefits for self and spouse.
- Earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.
- 100% of premium is paid by retiree.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Board of Education SWESS (Support Staff), BOE Non-Union, BOE Custodians/Maintenance, BOE Food-Service Staff and BOE Nurses

- A retired member shall be eligible to continue health benefits (medical only for Custodians/Maintenance and Nurses) for self and spouse.
- Retirement date is the later of age 62 or the completion of 10 years of service. Early retirement is the first of any month within 10 years of Normal Retirement Date.
- Nurses must be at least age 55 with 10 years of continuous service as a school nurse.
- 100% of premium is paid by retiree.

Police

- Completion of 25 years of service or attainment of age 50.
- The Town contributes 75% of the cost of the health insurance for members hired before July 1, 2006. Members hired after July 1, 2006 have the option of continuing medical benefits at their own expense. The retiree shall contribute the remainder of the cost. Coverage is pre-65 only.
- In the event of an employee's death in the line of duty, the Town shall contribute 100% of the health insurance cost coverage for spouse and dependents. Such contribution shall not exceed a period of 12 months.

Town Hall Union and Non-Bargaining (Management and Library)

- Retired employees with at least 10 years of service shall be eligible to continue health coverage at the Town's group rates.
- Retirement eligibility is age 62 for Town Hall and Management employees and age 65 for the Library.
- 100% of premium is paid by retiree.

Town (Pollution Union, Dispatchers and Public Works)

- Retired employees with attainment of age 60 may continue health coverage at the Town group rates.
- 100% of premium is paid by retiree.

Annual OPEB Cost and Net OPEB Obligations

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

Annual required contribution (ARC)	\$ 1,007,276
Interest on OPEB obligation	(1,982)
Adjustment to annual required contribution	<u>1,828</u>
Annual OPEB cost	1,007,122
Contributions made	<u>1,025,696</u>
Change in net OPEB asset	(18,574)
Net OPEB asset, beginning of year	<u>(26,420)</u>
Net OPEB Asset, End of Year	<u>\$ (44,994)</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ended June 30, 2016 is presented below:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2014	\$ 864,467	\$ 927,000	107	\$ (26,215)
6/30/2015	1,007,071	1,007,276	100	(26,420)
6/30/2016	1,007,122	1,025,696	102	(44,994)

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ -	\$ 5,906,000	\$ 5,906,000	0.0%	\$ N/A	N/A
7/1/2011	488,000	8,021,000	7,533,000	6.1	N/A	N/A
7/1/2013	839,000	9,510,000	8,671,000	8.8	51,316,000	16.9%

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed
6/30/2014	\$ 864,000	107%
6/30/2015	1,007,276	100%
6/30/2016	1,007,276	102%

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used with level percentage amortization over 25 years for police and 30 years for all other employees. The actuarial assumptions include a 7.5% rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date.

12. CONTINGENT LIABILITIES

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by counsel to be likely to result in a judgment or judgments that would materially affect the Town's financial position.

Required Supplementary Information

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Property Taxes:				
Current taxes	\$ 90,070,464	\$ 90,070,464	\$ 90,022,160	\$ (48,304)
Delinquent taxes	600,000	600,000	1,270,284	670,284
Supplemental motor vehicles	600,000	600,000	951,318	351,318
Interest	300,000	300,000	653,414	353,414
Liens	4,000	4,000	6,204	2,204
Housing authority - PILOT (in lieu of taxes)	25,000	25,000	26,796	1,796
Telephone access relief	40,000	40,000	69,196	29,196
Total property taxes	<u>91,639,464</u>	<u>91,639,464</u>	<u>92,999,372</u>	<u>1,359,908</u>
Intergovernmental:				
State assistance - education:				
Education equalization	13,071,926	13,071,926	12,565,316	(506,610)
Other assistance:				
Elderly tax freeze	3,000	3,000	3,783	783
State in lieu of taxes	20,000	20,000	59,843	39,843
DOT Elderly Transportation			33,444	33,444
Elderly tax relief	140,000	140,000	152,303	12,303
State sundry grants			59,427	59,427
Youth service grants	20,000	20,000	21,809	1,809
Municipal grants-in-aid	1,338,190	1,338,190	1,338,190	-
Veterans' exemption	14,000	14,000	15,931	1,931
Total intergovernmental	<u>14,607,116</u>	<u>14,607,116</u>	<u>14,250,046</u>	<u>(357,070)</u>
Charges for Services:				
Building permits	600,000	600,000	990,166	390,166
Probate court rentals	4,000	4,000	7,247	3,247
Town Clerk fees	475,000	475,000	644,547	169,547
Planning and zoning fees	5,000	5,000	21,020	16,020
General government sundry	100,000	100,000	457,271	357,271
Police	26,000	26,000	30,117	4,117
Recycling rebate			66,264	66,264
Engineering permits	5,000	5,000	4,409	(591)
Zoning board of appeals	2,000	2,000	1,170	(830)
Refuse and recycling	125,000	125,000	61,728	(63,272)
Fire Marshal fees	75,000	75,000	95,457	20,457
Total charges for services	<u>1,417,000</u>	<u>1,417,000</u>	<u>2,379,396</u>	<u>962,396</u>
Investment Earnings	<u>30,000</u>	<u>30,000</u>	<u>108,902</u>	<u>78,902</u>
Other Revenues:				
Cancellation of prior year encumbrances			<u>6,347</u>	<u>6,347</u>
Total Revenues	<u>107,693,580</u>	<u>107,693,580</u>	<u>109,744,063</u>	<u>2,050,483</u>

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SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Other Financing Sources:				
Transfers in:				
Sewer Operating	\$ 37,240	\$ 37,240	\$ 37,240	\$
Library funds	25,000	25,000	20,297	(4,703)
Fund balance appropriation	<u>1,100,000</u>	<u>1,100,000</u>	<u></u>	<u>(1,100,000)</u>
Total other financing sources	<u>1,162,240</u>	<u>1,162,240</u>	<u>57,537</u>	<u>(1,104,703)</u>
Total Revenues and Other Financing Sources	\$ <u>108,855,820</u>	\$ <u>108,855,820</u>	109,801,600	\$ <u>945,780</u>
Budgetary revenues are different from GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(6,347)	
State on-behalf payments			7,339,737	
Premium on bond issuance			<u>207,067</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>117,342,057</u>	

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
General Government:				
Legislative:				
Town Council	\$ 221,048	\$ 217,067	\$ 207,669	\$ 9,398
Boards and Commissions:				
Human relations commission	2,500	2,500	1,636	864
Historic district commission	1,000	1,000	925	75
Public building commission	520	1,989	1,989	-
South Windsor redevelopment	1,000	1,000		1,000
Inland/wetlands - conservation	5,525	5,525	3,872	1,653
Land preservation advisory	300	300		300
Open space task force	500	500		500
Park and recreation commission	4,500	4,500	2,045	2,455
Planning and zoning	7,150	8,977	8,976	1
Zoning board of appeals	2,500	2,500	1,768	732
Economic development coordinator	4,840	4,840	2,864	1,976
Total boards and commissions	<u>30,335</u>	<u>33,631</u>	<u>24,075</u>	<u>9,556</u>
Judicial:				
Probate court	<u>15,559</u>	<u>15,559</u>	<u>15,333</u>	<u>226</u>
Elections:				
Registrar of voters	<u>155,085</u>	<u>162,850</u>	<u>155,038</u>	<u>7,812</u>
Executive:				
Town manager	243,189	243,189	224,176	19,013
Human resources	<u>127,506</u>	<u>127,506</u>	<u>117,859</u>	<u>9,647</u>
Total executive	<u>370,695</u>	<u>370,695</u>	<u>342,035</u>	<u>28,660</u>
Community Development:				
Planning department	241,914	241,914	236,064	5,850
Building department	<u>206,760</u>	<u>207,445</u>	<u>202,596</u>	<u>4,849</u>
Total community development	<u>448,674</u>	<u>449,359</u>	<u>438,660</u>	<u>10,699</u>
Finance:				
Assessor	283,061	317,664	310,820	6,844
Collector of revenue	223,646	223,646	214,589	9,057
Finance office	<u>344,175</u>	<u>344,175</u>	<u>320,001</u>	<u>24,174</u>
Total finance	<u>850,882</u>	<u>885,485</u>	<u>845,410</u>	<u>40,075</u>
Recording and Reporting:				
Town clerk	<u>223,657</u>	<u>223,657</u>	<u>211,787</u>	<u>11,870</u>
Law:				
Town attorney	<u>175,000</u>	<u>140,397</u>	<u>121,448</u>	<u>18,949</u>
Central Services:				
Town Hall	261,999	261,999	218,491	43,508
Information technology	736,111	736,111	660,300	75,811
Total quality management implementation	1,500	1,500		1,500
Media	<u>31,570</u>	<u>31,570</u>	<u>12,278</u>	<u>19,292</u>
Total central services	<u>1,031,180</u>	<u>1,031,180</u>	<u>891,069</u>	<u>140,111</u>
Total general government	<u>3,522,115</u>	<u>3,529,880</u>	<u>3,252,524</u>	<u>277,356</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Public Safety:				
Police Protection:				
Police administration	\$ 440,217	\$ 525,217	\$ 474,563	\$ 50,654
Operations	3,639,301	3,565,825	3,469,324	96,501
Support services	1,793,853	1,687,853	1,565,518	122,335
Community services	166,791	166,791	139,539	27,252
Total police protection	<u>6,040,162</u>	<u>5,945,686</u>	<u>5,648,944</u>	<u>296,742</u>
Fire Protection:				
Fire marshal	204,033	204,034	195,768	8,266
Volunteer fire department	864,596	864,596	864,596	-
Hydrants and water lines	768,400	768,400	759,341	9,059
Total fire protection	<u>1,837,029</u>	<u>1,837,030</u>	<u>1,819,705</u>	<u>17,325</u>
Emergency management	<u>117,000</u>	<u>116,000</u>	<u>99,945</u>	<u>16,055</u>
Other protection:				
Street lights	<u>452,500</u>	<u>452,500</u>	<u>445,113</u>	<u>7,387</u>
Total public safety	<u>8,446,691</u>	<u>8,351,216</u>	<u>8,013,707</u>	<u>337,509</u>
Public Works:				
Administration:				
Management	<u>144,041</u>	<u>146,848</u>	<u>144,052</u>	<u>2,796</u>
Engineering:				
Technical support	<u>427,308</u>	<u>428,524</u>	<u>418,115</u>	<u>10,409</u>
Street Services:				
Highway maintenance	2,807,185	2,766,192	2,605,907	160,285
Fleet services	920,702	920,702	864,569	56,133
Total street services	<u>3,727,887</u>	<u>3,686,894</u>	<u>3,470,476</u>	<u>216,418</u>
Public Buildings:				
Building maintenance	<u>1,478,058</u>	<u>1,373,067</u>	<u>1,362,652</u>	<u>10,415</u>
Pollution Control:				
Refuse and recycling	<u>1,972,455</u>	<u>1,972,455</u>	<u>1,918,087</u>	<u>54,368</u>
Total public works	<u>7,749,749</u>	<u>7,607,788</u>	<u>7,313,382</u>	<u>294,406</u>
Human Services:				
Conservation of Health:				
Environmental health	146,150	122,150	115,857	6,293
Visiting nurse community care	14,696	9,350	6,668	2,682
Total conservation of health	<u>160,846</u>	<u>131,500</u>	<u>122,525</u>	<u>8,975</u>
Human service programs:				
Administration	82,675	84,095	81,701	2,394
Youth and family services	280,285	263,668	233,510	30,158
Adult and senior services	362,973	364,181	353,664	10,517
Mini-bus service	67,501	100,836	99,031	1,805
Sheltered workshops	2,697	2,697	2,697	-
Total human services programs	<u>796,131</u>	<u>815,477</u>	<u>770,603</u>	<u>44,874</u>
Total human services	<u>956,977</u>	<u>946,977</u>	<u>893,128</u>	<u>53,849</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Culture and Recreation:				
Recreation administration	\$ 1,819,843	\$ 1,819,843	\$ 1,783,446	\$ 36,397
Parks and Grounds				-
Library	1,027,637	1,027,637	1,006,942	20,695
Total culture and recreation	<u>2,847,480</u>	<u>2,847,480</u>	<u>2,790,388</u>	<u>57,092</u>
Education	<u>70,355,567</u>	<u>70,355,567</u>	<u>70,235,567</u>	<u>120,000</u>
Insurance and Benefits:				
Municipal insurance:				
Insurance - casualty	<u>269,217</u>	<u>235,783</u>	<u>235,782</u>	<u>1</u>
Pension Contributions:				
Pension	2,021,187	2,108,751	2,107,151	1,600
Social security	1,039,964	963,842	938,031	25,811
Total pension contributions	<u>3,061,151</u>	<u>3,072,593</u>	<u>3,045,182</u>	<u>27,411</u>
Health and life insurance	<u>2,845,725</u>	<u>2,828,064</u>	<u>2,828,064</u>	<u>-</u>
Workers' compensation	<u>371,937</u>	<u>384,058</u>	<u>384,058</u>	<u>-</u>
Unemployment compensation	<u>15,000</u>	<u>1,311</u>	<u>1,311</u>	<u>-</u>
Total insurance and benefits	<u>6,563,030</u>	<u>6,521,809</u>	<u>6,494,397</u>	<u>27,412</u>
Other:				
Contingency	115,000	83,544	20,000	63,544
South Windsor patriotic commission	13,500	13,500	13,231	269
Cemeteries	8,000	8,000	8,000	-
Wood Memorial Library	7,500	7,500	7,500	-
Total other	<u>144,000</u>	<u>112,544</u>	<u>48,731</u>	<u>63,813</u>
Debt Service:				
Principal	4,223,380	4,199,275	4,199,274	1
Interest	2,331,851	2,668,304	2,631,333	36,971
Total debt service	<u>6,555,231</u>	<u>6,867,579</u>	<u>6,830,607</u>	<u>36,972</u>
Total expenditures	107,140,840	107,140,840	105,870,585	1,268,409
Other Financing Uses:				
Transfer out	<u>1,714,980</u>	<u>1,714,980</u>	<u>1,714,980</u>	<u>-</u>
Total	<u>\$ 108,855,820</u>	<u>\$ 108,855,820</u>	107,585,565	<u>\$ 1,268,409</u>
Budgetary expenditures are different from GAAP expenditures because:				
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes			(1,075,220)	
Accrued payroll not budgeted			174,167	
State on-behalf payments			7,339,737	
Net bond issuance costs are not budgeted for			<u>44,290</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV				<u>\$ 114,068,539</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Charges for services	\$ 4,177,420	\$ 4,177,420	\$ 4,140,157	\$ (37,263)
Intergovernmental revenue	50,000	50,000		(50,000)
Investment income	50	50	98	48
Miscellaneous	113,500	113,500	160,712	47,212
Total revenues	<u>4,340,970</u>	<u>4,340,970</u>	<u>4,300,967</u>	<u>(40,003)</u>
Expenditures:				
Full time salaries	870,210	917,580	917,581	(1)
Overtime	39,866	94,036	94,036	-
Longevity	1,820	1,305	875	430
Employee benefits	512,695	475,032	475,032	-
Office supplies	1,200	1,500	676	824
Operating material	78,000	69,837	69,837	-
Motor vehicle supplies	24,620	20,348	20,348	-
Uniforms and clothing	13,200	6,579	6,579	-
Fleet and equipment repair	57,300	91,302	91,302	-
Advertising		934	923	11
Professional	155,999	165,386	204,854	(39,468)
Rental and leases	19,970	18,248	18,248	-
Utilities	491,450	422,250	419,393	2,857
Maintenance contracts	491,900	480,313	473,985	6,328
Repair and maintenance equipment	18,750	21,189	20,288	901
Fees and memberships	1,520	310	260	50
Recruitment and training	26,500	13,630	10,187	3,443
Other purchase services	296,500	304,489	304,489	-
Capital projects	75,000	71,767	71,817	(50)
Boards and Commissions - Advertising	650	1,015	1,012	3
Boards and Commissions - Office equipment		150	150	-
Debt service	256,706	256,706	256,704	2
Total expenditures	<u>3,433,906</u>	<u>3,433,906</u>	<u>3,458,576</u>	<u>(24,670)</u>
Excess of Revenues over Expenditures	907,064	907,064	842,391	(64,673)
Other Financing Sources and Uses:				
Transfers in	23,000	23,000	23,000	-
Transfers out	(522,240)	(522,240)	(718,240)	(196,000)
Utilization of fund balance	(460,131)	(460,130)		460,130
Net Change in Fund Balance	<u>\$ (52,307)</u>	<u>\$ (52,306)</u>	147,151	<u>\$ 199,457</u>
Fund Balance at July 1, 2015			398,114	
Fund Balance at June 30, 2016			<u>\$ 545,265</u>	

Reconciliation to GAAP Basis

	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis - June 30, 2016	\$ 4,300,967	\$ 3,458,576
Accrued payroll not budgeted		(11,382)
Encumbrances outstanding at June 30, 2015 liquidated and cancelled during the year ended June 30, 2016		23,745
Encumbrances charged to budgetary expenditures during the year ended June 30, 2016		<u>(10,340)</u>
Balance, GAAP Basis - June 30, 2016	<u>\$ 4,300,967</u>	<u>\$ 3,460,599</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TOWN PLAN
LAST THREE FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability:			
Service cost	\$ 344,193	\$ 597,904	\$ 566,952
Interest	2,494,478	2,658,282	2,931,266
Differences between expected and actual experience		1,272,460	234,828
Changes of assumptions	3,396,197	(1,861,513)	3,242,915
Benefit payments, including refunds of member contributions	(1,680,365)	(1,591,710)	(1,796,252)
Administrative expense	(75,832)		
Net change in total pension liability	4,478,671	1,075,423	5,179,709
Total pension liability - beginning	31,714,877	36,193,548	37,268,971
Total pension liability - ending	36,193,548	37,268,971	42,448,680
Plan fiduciary net position:			
Contributions - employer	1,867,793	1,727,470	1,727,470
Contributions - member	257,692	382,108	345,568
Net investment income (loss)	3,279,002	70,803	(276,685)
Benefit payments, including refunds of member contributions	(1,680,365)	(1,591,710)	(1,796,252)
Administrative expense	(75,832)	(40,061)	(72,564)
Net change in plan fiduciary net position	3,648,290	548,610	(72,463)
Plan fiduciary net position - beginning	18,906,056	22,654,346	23,202,956
Plan fiduciary net position - ending	22,554,346	23,202,956	23,130,493
Net Pension Liability - Ending	\$ <u>13,639,202</u>	\$ <u>14,066,015</u>	\$ <u>19,318,187</u>
Plan fiduciary net position as a percentage of the total pension liability	62.32%	62.26%	54.49%
Covered-employee payroll	\$ 4,749,846	\$ 4,716,701	\$ 4,716,701
Net pension liability as a percentage of covered-employee payroll	287.15%	298.22%	409.57%

Notes to Schedule:

Changes of assumptions: In 2015, amounts reported as changes of assumptions resulted from the change in the discount rate from 6.98% to 7.5%. In 2016, amounts reported as changes in assumptions resulted from the change in the discount rate from 7.5% to 7.25%.

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
BOARD OF EDUCATION PLAN
LAST THREE FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability:			
Service cost	\$ 225,029	\$ 359,500	\$ 391,848
Interest	920,994	986,463	1,108,213
Differences between expected and actual experience	543,345	460,218	28,823
Changes of assumptions			1,346,357
Benefit payments, including refunds of member contributions	(655,604)	(599,078)	(642,569)
Administrative expense	(43,468)		
Net change in total pension liability	990,296	1,207,103	2,232,672
Total pension liability - beginning	11,636,936	12,627,232	13,834,335
Total pension liability - ending	<u>12,627,232</u>	<u>13,834,335</u>	<u>16,067,007</u>
Plan fiduciary net position:			
Contributions - employer	922,555	268,665	535,965
Contributions - member	197,927	196,719	203,726
Net investment income (loss)	1,681,148	30,643	(126,326)
Benefit payments, including refunds of member contributions	(655,604)	(599,078)	(642,569)
Administrative expense	(43,468)	(25,907)	(42,202)
Net change in plan fiduciary net position	2,102,558	(128,958)	(71,406)
Plan fiduciary net position - beginning	10,016,519	12,119,077	11,990,119
Plan fiduciary net position - ending	<u>12,119,077</u>	<u>11,990,119</u>	<u>11,918,713</u>
Net Pension Liability - Ending	<u>\$ 508,155</u>	<u>\$ 1,844,216</u>	<u>\$ 4,148,294</u>
Plan fiduciary net position as a percentage of the total pension liability	95.98%	86.67%	74.18%
Covered-employee payroll	\$ 3,122,271	\$ 3,122,271	\$ 3,122,271
Net pension liability as a percentage of covered-employee payroll	16.28%	59.07%	132.86%

Notes to Schedule:

Changes of assumptions: In 2016, amounts reported as changes in assumptions resulted from the change in the discount rate from 7.5% to 7.25%.

**TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TOWN PLAN
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 998,869	\$ 1,105,236	\$ 1,220,118	\$ 1,573,634	\$ 1,500,972	\$ 1,583,496	\$ 1,697,994	\$ 1,686,734	\$ 1,727,470	\$ 1,727,470
Contributions in relation to the actuarially determined contribution	<u>606,632</u>	<u>668,914</u>	<u>826,338</u>	<u>963,169</u>	<u>1,278,427</u>	<u>1,343,147</u>	<u>1,697,994</u>	<u>1,867,793</u>	<u>1,727,470</u>	<u>1,727,470</u>
Contribution Deficiency (Excess)	<u>\$ 392,237</u>	<u>\$ 436,322</u>	<u>\$ 393,780</u>	<u>\$ 610,465</u>	<u>\$ 222,545</u>	<u>\$ 240,349</u>	<u>\$ -</u>	<u>\$ (181,059)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,744,942	\$ 4,771,476	\$ 4,962,230	\$ 5,239,328	\$ 5,427,342	\$ 5,337,789	\$ 5,352,711	\$ 4,749,846	\$ 4,716,701	\$ 4,716,701
Contributions as a percentage of covered-employee payroll	12.78%	14.02%	16.65%	18.38%	23.56%	25.16%	31.72%	39.32%	36.62%	36.62%

Notes to Schedule

Valuation date: July 1, 2015

Measurement date: June 30, 2016

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
Amortization method Level dollar, closed
Remaining amortization period 29 years
Asset valuation method 5-year smoothed market
Inflation 2.7%
Salary increases 3.0%, average, including inflation
Turnover Graded rates by age
Investment rate of return 7.25%
Retirement age Age 55 for Dispatchers, Age 60 for Pollution and Public Works, earlier of Age 50 or 25 years to service for Police and Age 62 for Management, Town Hall and Library.

Disability Disability among active lives is discounted in advance according to a scale based on attained ages.

Spouse Benefits 80% of all participants are assumed to be married. Wives are assumed to be one year younger than their husbands.

Mortality Combined Healthy Mortality with generational projection per Scale BB

**TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
BOARD OF EDUCATION PLAN
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 998,869	\$ 483,721	\$ 429,319	\$ 522,765	\$ 487,057	\$ 481,339	\$ 443,288	\$ 450,378	\$ 535,965	\$ 535,965
Contributions in relation to the actuarially determined contribution	<u>457,461</u>	<u>833,712</u>	<u>354,000</u>	<u>432,575</u>	<u>407,333</u>	<u>752,056</u>	<u>518,288</u>	<u>922,555</u>	<u>268,665</u>	<u>535,965</u>
Contribution Deficiency (Excess)	<u>\$ 541,408</u>	<u>\$ (349,991)</u>	<u>\$ 75,319</u>	<u>\$ 90,190</u>	<u>\$ 79,724</u>	<u>\$ (270,717)</u>	<u>\$ (75,000)</u>	<u>\$ (472,177)</u>	<u>\$ 267,300</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,764,749	\$ 3,232,684	\$ 3,321,753	\$ 3,512,067	\$ 3,652,821	\$ 3,419,019	\$ 3,012,321	\$ 3,085,477	\$ 3,122,271	\$ 3,122,271
Contributions as a percentage of covered-employee payroll	16.55%	25.79%	10.66%	12.32%	11.15%	22.00%	17.21%	29.90%	8.60%	17.17%

Notes to Schedule

Valuation date: July 1, 2015

Measurement date: June 30, 2016

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
Amortization method	Level dollar, closed
Remaining amortization period	29 years
Asset valuation method	5-year smoothed market
Inflation	2.7%
Salary increases	3.0%, average, including inflation
Turnover	Graded rates by age
Investment rate of return	7.25
Retirement age	Age 60 for Custodians/Maintainers, Age 62 for all others
Disability	Disability among active lives is discounted in advance according to a scale based on attained ages.
Spouse Benefits	80% of all participants are assumed to be married. Wives are assumed to be one year younger than their husbands.
Mortality	Combined Healthy Mortality with generational projection per Scale BB

**TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST THREE FISCAL YEARS**

	2014	2015	2016
Annual money-weighted rate of return, net of investment expense:			
Town Plan	16.37%	0.30%	-1.15%
Board of Education Plan	16.90%	0.26%	-1.07%

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

	<u>2015</u>	<u>2016</u>
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>84,668,946</u>	<u>91,603,357</u>
Total	<u>\$ 84,668,946</u>	<u>\$ 91,603,357</u>
Town's covered-employee payroll	\$ 54,350,173	\$ 56,460,373
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

Supplemental, Combining and Individual Fund Statements and Schedules

General Fund

General Fund

To account for the general operations of the Town, except those required to be accounted for in another fund.

**TOWN OF SOUTH WINDSOR, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 34,992,842	\$ 19,023,921
Property taxes receivable (net of allowance of \$795,904 and \$986,875, respectively)	2,664,547	3,303,885
Intergovernmental receivables	21,522	8,599
Other accounts receivable	2,154,842	2,363,878
Due from other funds	329,253	843,086
Prepaid items	<u>970</u>	<u>970</u>
Total Assets	<u>\$ 40,163,006</u>	<u>\$ 25,544,339</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,508,821	\$ 2,522,895
Due to other funds	<u>23,259,416</u>	<u>10,838,131</u>
Total liabilities	<u>25,768,237</u>	<u>13,361,026</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	4,237,123	5,313,792
Advance property tax collections	<u>25,766</u>	<u>11,159</u>
Total deferred inflows of resources	<u>4,262,889</u>	<u>5,324,951</u>
Fund balance:		
Nonspendable		970
Assigned	2,096,625	1,527,753
Unassigned	<u>8,035,255</u>	<u>5,329,639</u>
Total fund balance	<u>10,131,880</u>	<u>6,858,362</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 40,163,006</u>	<u>\$ 25,544,339</u>

**TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2016**

Grand List	Uncollected Taxes July 1, 2015	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2016
		Additions	Deductions			Taxes	Interest	Total	
2014	\$ 92,323,803	\$ 194,638	\$ 624,306	\$	\$ 91,894,135	\$ 90,891,340	\$ 230,385	\$ 91,121,725	\$ 1,002,795
2013	1,433,906	1,935	34,753		1,401,088	778,839	156,570	935,409	622,249
2012	680,021		5,420		674,601	262,559	99,271	361,830	412,042
2011	463,239		2,408		460,831	203,876	98,796	302,672	256,955
2010	237,592		1,966		235,626	49,751	35,025	84,776	185,875
2009	195,122		314		194,808	13,879	14,071	27,950	180,929
2008	249,674		292	93,359	156,023	6,629	13,910	20,539	149,394
2007	193,495			89,568	103,927	4,485	3,193	7,678	99,442
2006	167,428		40	81,652	85,736	1,210	2,714	3,924	84,526
2005	146,425		595	65,116	80,714	902	1,861	2,763	79,812
2004	77,929	56			77,985		928	928	77,985
2003	76,228	41			76,269	41	1,041	1,082	76,228
2002	73,161				73,161		37	37	73,161
2001	82,034				82,034		477	477	82,034
2000	77,024				77,024		1,339	1,339	77,024
1999	137,485		137,485		-			-	-
	<u>\$ 96,614,566</u>	<u>\$ 196,670</u>	<u>\$ 807,579</u>	<u>\$ 329,695</u>	<u>\$ 95,673,962</u>	<u>\$ 92,213,511</u>	<u>\$ 659,618</u>	92,873,129	<u>\$ 3,460,451</u>

Property taxes receivable considered available:

June 30, 2015

(288,633)

June 30, 2016

316,194

Total Property Tax Revenue

\$ 92,900,690

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for proceeds of several revenue sources that are legally restricted to expenditures for specific purposes. The Town's special revenue funds are:

Town Aid Road – To account for improvements to Town roads funded by State funds.

Animal Control – To account for the operation of animal control. Funding provided by license fees and fines.

Town Hall Grants – To account for monies for employee participation programs

Public Works Funds – To account for road patch and special public works projects. Funded by Town appropriation and capital monies.

Police Funds – To account for revenues and expenditures related to services provided by the police department.

Fees in Lieu of Open Space – To account for development funds for specified Planning and Zoning projects.

Library – To account for monies received for acquisition of books, materials and other related library services.

Recreation – To account for program activities administered by the Parks and Recreation Department that are funded by participation fees.

BOE Funds – To account for monies in a reserve for special education.

Education Grants – To account for state and federal educational grants received through the State Department of Education.

Cafeteria – To account for operation of public school food programs. Funding is provided from the sale of food, federal grants and state grants.

BOE Accommodations – To account for medical and dental costs funded by Cobra participants.

High School Athletic Association – To separately account for school athletic programs. Funding is through participation fees.

Human Services Fund – To account for programs and activities administered by Adult & Senior Services and Youth & Family Services. Financing is provided by grants, fees and contributions.

Community Use of Buildings – To account for user charges and expenditures associated with after school use of Board of Education facilities by outside organizations.

Fire Marshall Fund – To account for services and programs administered for fire prevention. Funding is provided by grants and donations.

Lead Poison Prevention – To account for state revenues received for programs and materials administered by the Health Department.

Regional Animal Shelter – To account for the operation of a regional animal control facility. Funding provided by participation fees, grants and donations.

IT Reserve Fund - To account for funds of participants of a regional Information Technology program.

**TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds						
	Town Aid Road	Animal Control	Town Hall Grants	Public Works Funds	Police Funds	Fees in Lieu of Open Space	Library
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	1,322	\$	\$ 76,309
Investments							86,454
Receivables:							
Accounts receivable							
Grants and contracts receivable							
Due from other funds	184,216	41,987	112,641	83,576	166,721	132,838	
Other assets							
Total Assets	\$ 184,216	\$ 41,987	\$ 112,641	\$ 83,576	\$ 168,043	\$ 132,838	\$ 162,763
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$ 13,312	\$ 1,056	\$ 3,211	\$ 810	\$ 15,125	\$
Due to other funds							
Unearned revenue							
Total liabilities	-	13,312	1,056	3,211	810	15,125	-
Fund Balances:							
Nonspendable							
Restricted	184,216		111,585	80,365	167,233		
Committed		28,675				117,713	162,763
Unassigned							
Total fund balances	184,216	28,675	111,585	80,365	167,233	117,713	162,763
Total Liabilities and Fund Balances	\$ 184,216	\$ 41,987	\$ 112,641	\$ 83,576	\$ 168,043	\$ 132,838	\$ 162,763

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016

	Special Revenue Funds						
	Recreation	BOE	Education Grants	Cafeteria	BOE Accommodation	High School Athletic Association	Human Services Fund
ASSETS							
Cash and cash equivalents	\$ 241,825	\$ 58,362	\$ 149,475	\$ 243,795	\$ 515,629	\$	\$
Investments							
Receivables:							
Accounts receivable					1,939		1,204
Grants and contracts receivable			1,547	55,163			
Due from other funds	1,479,494	1,845	99,734			3,149	285,182
Other assets			7,962	31,526			
Total Assets	<u>\$ 1,721,319</u>	<u>\$ 60,207</u>	<u>\$ 258,718</u>	<u>\$ 330,484</u>	<u>\$ 517,568</u>	<u>\$ 3,149</u>	<u>\$ 286,386</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 100,298	\$ 476	\$ 7,734	\$ 373	\$ 443,710	\$ 3,466	\$ 4,586
Due to other funds		7,717		321,536			
Unearned revenue	354,416		234,742	52,355	74,662		
Total liabilities	<u>454,714</u>	<u>8,193</u>	<u>242,476</u>	<u>374,264</u>	<u>518,372</u>	<u>3,466</u>	<u>4,586</u>
Fund Balances:							
Nonspendable			7,962	31,526			
Restricted			8,280				281,800
Committed	1,266,605	52,014				(317)	
Unassigned				(75,306)	(804)		
Total fund balances	<u>1,266,605</u>	<u>52,014</u>	<u>16,242</u>	<u>(43,780)</u>	<u>(804)</u>	<u>(317)</u>	<u>281,800</u>
Total Liabilities and Fund Balances	<u>\$ 1,721,319</u>	<u>\$ 60,207</u>	<u>\$ 258,718</u>	<u>\$ 330,484</u>	<u>\$ 517,568</u>	<u>\$ 3,149</u>	<u>\$ 286,386</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community Use of Buildings	Fire Marshall Fund	Lead Poison Prevention	Regional Animal Shelter	IT Reserve Fund	
ASSETS						
Cash and cash equivalents	\$	\$	\$	\$ 200	\$	\$ 1,286,917
Investments						86,454
Receivables:						
Accounts receivable	4,819					7,962
Grants and contracts receivable						56,710
Due from other funds	89,078	540	5,568	38,020	170,346	2,894,935
Other assets						39,488
Total Assets	<u>\$ 93,897</u>	<u>\$ 540</u>	<u>\$ 5,568</u>	<u>\$ 38,220</u>	<u>\$ 170,346</u>	<u>\$ 4,372,466</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	\$ 439	\$	\$ 1,043	\$	\$ 595,639
Due to other funds						329,253
Unearned revenue						716,175
Total liabilities	<u>-</u>	<u>439</u>	<u>-</u>	<u>1,043</u>	<u>-</u>	<u>1,641,067</u>
Fund Balances:						
Nonspendable						39,488
Restricted		101	5,568			839,148
Committed	93,897			37,177	170,346	1,928,873
Unassigned						(76,110)
Total fund balances	<u>93,897</u>	<u>101</u>	<u>5,568</u>	<u>37,177</u>	<u>170,346</u>	<u>2,731,399</u>
Total Liabilities and Fund Balances	<u>\$ 93,897</u>	<u>\$ 540</u>	<u>\$ 5,568</u>	<u>\$ 38,220</u>	<u>\$ 170,346</u>	<u>\$ 4,372,466</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds						
	<u>Town Aid Road</u>	<u>Animal Control</u>	<u>Town Hall Grants</u>	<u>Public Works Funds</u>	<u>Police</u>	<u>Fees in Lieu of Open Space</u>	<u>Library</u>
Revenues:							
Intergovernmental	\$ 380,491	\$	\$ 36,165	\$	\$ 62,993	\$	\$ 15,876
Charges for services and assessments		24,440	27,599		169,533		20,427
Investment earnings					3		2,147
Miscellaneous				38,559	13,000		33,924
Total revenues	<u>380,491</u>	<u>24,440</u>	<u>63,764</u>	<u>38,559</u>	<u>245,529</u>	<u>-</u>	<u>72,374</u>
Expenditures:							
Current:							
General government			54,325			151,306	
Public safety		26,243			147,404		
Public works	577,962		11,175	20,637			
Human services							
Culture and recreation							59,012
Education							
Total expenditures	<u>577,962</u>	<u>26,243</u>	<u>65,500</u>	<u>20,637</u>	<u>147,404</u>	<u>151,306</u>	<u>59,012</u>
Excess (Deficiency) of Revenues over Expenditures	(197,471)	(1,803)	(1,736)	17,922	98,125	(151,306)	13,362
Other Financing Uses:							
Transfer out							(20,297)
Net Change in Fund Balance	(197,471)	(1,803)	(1,736)	17,922	98,125	(151,306)	(6,935)
Fund Balances at Beginning of Year	<u>381,687</u>	<u>30,478</u>	<u>113,321</u>	<u>62,443</u>	<u>69,108</u>	<u>269,019</u>	<u>169,698</u>
Fund Balances at End of Year	<u>\$ 184,216</u>	<u>\$ 28,675</u>	<u>\$ 111,585</u>	<u>\$ 80,365</u>	<u>\$ 167,233</u>	<u>\$ 117,713</u>	<u>\$ 162,763</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds						
	Recreation	BOE	Education Grants	Cafeteria	BOE Accommodations	High School Athletics Association	Human Services Fund
Revenues:							
Intergovernmental	\$	\$ 3,449	\$ 3,843,213	\$ 452,417	\$	\$	\$ 22,556
Charges for services and assessments	2,432,881	88,069		951,213	1,077,984	51,194	209,737
Investment earnings		5		107			
Miscellaneous	11,360	2,205					87,360
Total revenues	<u>2,444,241</u>	<u>93,728</u>	<u>3,843,213</u>	<u>1,403,737</u>	<u>1,077,984</u>	<u>51,194</u>	<u>319,653</u>
Expenditures:							
Current:							
General government							
Public safety							
Public works							
Human services							246,450
Culture and recreation	2,076,745						5,972
Education		100,767	3,843,213	1,479,340	1,069,611	58,507	
Total expenditures	<u>2,076,745</u>	<u>100,767</u>	<u>3,843,213</u>	<u>1,479,340</u>	<u>1,069,611</u>	<u>58,507</u>	<u>252,422</u>
Excess (Deficiency) of Revenues over Expenditures	367,496	(7,039)	-	(75,603)	8,373	(7,313)	67,231
Other Financing Uses:							
Transfer out	<u>(23,000)</u>						
Net Change in Fund Balance	344,496	(7,039)	-	(75,603)	8,373	(7,313)	67,231
Fund Balances at Beginning of Year	<u>922,109</u>	<u>59,053</u>	<u>16,242</u>	<u>31,823</u>	<u>(9,177)</u>	<u>6,996</u>	<u>214,569</u>
Fund Balances at End of Year	<u>\$ 1,266,605</u>	<u>\$ 52,014</u>	<u>\$ 16,242</u>	<u>\$ (43,780)</u>	<u>\$ (804)</u>	<u>\$ (317)</u>	<u>\$ 281,800</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds					Interfund Eliminations	Total Nonmajor Governmental Funds
	Community Use of Buildings	Fire Marshall Fund	Lead Poison Prevention	Regional Animal Shelter	IT Reserve Fund		
Revenues:							
Intergovernmental	\$	\$ 490	\$ 3,119	\$	\$	\$	\$ 4,820,769
Charges for services and assessments	90,697						5,143,774
Investment earnings							2,262
Miscellaneous				36,993	119,503		342,904
Total revenues	<u>90,697</u>	<u>490</u>	<u>3,119</u>	<u>36,993</u>	<u>119,503</u>	<u>-</u>	<u>10,309,709</u>
Expenditures:							
Current:							
General government					63,015		268,646
Public safety		439		34,571			208,657
Public works							609,774
Human services			3,598				250,048
Culture and recreation							2,141,729
Education	61,556						6,612,994
Total expenditures	<u>61,556</u>	<u>439</u>	<u>3,598</u>	<u>34,571</u>	<u>63,015</u>	<u>-</u>	<u>10,091,848</u>
Excess (Deficiency) of Revenues over Expenditures	29,141	51	(479)	2,422	56,488	-	217,861
Other Financing Uses:							
Transfer out							(43,297)
Net Change in Fund Balance	29,141	51	(479)	2,422	56,488	-	174,564
Fund Balances at Beginning of Year	<u>64,756</u>	<u>50</u>	<u>6,047</u>	<u>34,755</u>	<u>113,858</u>	<u>-</u>	<u>2,556,835</u>
Fund Balances at End of Year	<u>\$ 93,897</u>	<u>\$ 101</u>	<u>\$ 5,568</u>	<u>\$ 37,177</u>	<u>\$ 170,346</u>	<u>\$ -</u>	<u>\$ 2,731,399</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Charges for services:				
Day camp	\$ 631,030	\$ 631,030	\$ 636,913	\$ 5,883
Veterans' memorial park	329,055	329,055	381,414	52,359
4th R Revenue	887,075	887,075	951,942	64,867
Outdoor	98,454	98,454	62,391	(36,063)
Indoor	236,555	236,555	197,157	(39,398)
Social/cultural	208,141	208,141	154,934	(53,207)
Recreation facilities	43,609	43,609	48,130	4,521
Miscellaneous			11,360	11,360
Total revenues	<u>2,433,919</u>	<u>2,433,919</u>	<u>2,444,241</u>	<u>10,322</u>
Expenditures:				
Current:				
Day camp	635,514	635,514	602,346	33,168
4th R Personal Services	848,404	848,404	699,601	148,803
Veterans' memorial park	357,257	357,257	333,522	23,735
Outdoor	95,264	95,264	63,290	31,974
Indoor	234,394	234,394	209,080	25,314
Social/cultural	211,275	211,275	186,386	24,889
Recreation facilities	39,969	39,969	30,288	9,681
Contingency	30,000	30,000		30,000
Total expenditures	<u>2,452,077</u>	<u>2,452,077</u>	<u>2,124,513</u>	<u>327,564</u>
Excess (Deficiency) of Revenues over Expenditures	(18,158)	(18,158)	319,728	337,886
Other Financing Uses:				
Transfers out			(23,000)	(23,000)
Net Change in Fund Balance	<u>\$ (18,158)</u>	<u>\$ (18,158)</u>	296,728	<u>\$ 314,886</u>
Fund Balance at Beginning of Year			<u>966,811</u>	
Fund Balance at End of Year			<u>\$ 1,263,539</u>	
<u>Reconciliation to GAAP Basis</u>				
	<u>Revenues</u>	<u>Expenditures</u>		
Balance, Budgetary Basis - End of Year	\$ 2,444,241	\$ 2,124,513		
Accrued payroll not budgeted		(26,472)		
Encumbrances outstanding at beginning of year liquidated and cancelled during the current year		19,939		
Encumbrances charged to budgetary expenditures during the current year		(41,235)		
Balance, GAAP Basis - End of Year	<u>\$ 2,444,241</u>	<u>\$ 2,076,745</u>		

Fiduciary Funds

Fiduciary Fund types are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or others. The Town's Fiduciary Funds are as follows:

Trust Funds:

- ❑ **Pension Trust Fund** - to account for the activities of the Town's defined benefit plans which accumulate resources for pension benefit payments to qualified employees.
- ❑ **Other Post Employment Benefit Trust Fund** - to account for the activities for both Town and Board of Education for other post employment benefits (e.g., health insurance, life insurance) which accumulate resources for other post employment benefit payments to qualified employees.

Agency Funds:

- ❑ **School Activity** - to account for the various student activities and clubs.
- ❑ **Performance Bonds** - to account for all cash and cash equivalents held by the Town until the completion of a project.

**TOWN OF SOUTH WINDSOR, CONNECTICUT
 COMBINING STATEMENT OF NET POSITION
 PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
 JUNE 30, 2016**

	Pension Trust Fund	Other Post Employment Benefit Trust Fund	Total
Assets:			
Cash and cash equivalents	\$ 344,572	\$ 1,741,352	\$ 2,085,924
Investments:			
Mutual funds	<u>34,704,634</u>	<u> </u>	<u>34,704,634</u>
Total assets	<u>35,049,206</u>	<u>1,741,352</u>	<u>36,790,558</u>
Net Position:			
Restricted for Pension Benefits and Other Purposes	<u>\$ 35,049,206</u>	<u>\$ 1,741,352</u>	<u>\$ 36,790,558</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2016

	Pension Trust Fund	Other Post Employment Benefit Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 2,263,435	\$ 1,025,696	\$ 3,289,131
Employee	549,294		549,294
Total contributions	<u>2,812,729</u>	<u>1,025,696</u>	<u>3,838,425</u>
Investment income (loss):			
Net change in fair value investments	<u>(403,011)</u>	<u>4,709</u>	<u>(398,302)</u>
Total additions	<u>2,409,718</u>	<u>1,030,405</u>	<u>3,440,123</u>
Deductions:			
Benefits	2,438,821	714,980	3,153,801
Administration	<u>114,766</u>	<u>22,325</u>	<u>137,091</u>
Total deductions	<u>2,553,587</u>	<u>737,305</u>	<u>3,290,892</u>
Changes in Net Position	(143,869)	293,100	149,231
Net Position at Beginning of Year	<u>35,193,075</u>	<u>1,448,252</u>	<u>36,641,327</u>
Net Position at End of Year	<u>\$ 35,049,206</u>	<u>\$ 1,741,352</u>	<u>\$ 36,790,558</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
School Activities Fund				
Assets:				
Cash and cash equivalents	\$ 610,311	\$ 1,002,412	\$ 1,062,438	\$ 550,285
Accounts receivable	<u>5,537</u>		<u>5,537</u>	<u>-</u>
Total assets	<u>\$ 615,848</u>	<u>\$ 1,002,412</u>	<u>\$ 1,067,975</u>	<u>\$ 550,285</u>
Liabilities:				
Accounts payable	\$ 4,657	\$ 30,550		\$ 35,207
Due to others	<u>611,191</u>	<u>971,862</u>	<u>1,067,975</u>	<u>515,078</u>
Total liabilities	<u>\$ 615,848</u>	<u>\$ 1,002,412</u>	<u>\$ 1,067,975</u>	<u>\$ 550,285</u>
Performance Bond Fund				
Assets:				
Cash and cash equivalents	<u>\$ 850,149</u>	<u>\$ 362,514</u>	<u>\$ 210,972</u>	<u>\$ 1,001,691</u>
Liabilities:				
Due to others	<u>\$ 850,149</u>	<u>\$ 362,514</u>	<u>\$ 210,972</u>	<u>\$ 1,001,691</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 1,460,460	\$ 1,364,926	\$ 1,273,410	\$ 1,551,976
Accounts receivable	<u>5,537</u>		<u>5,537</u>	<u>-</u>
Total assets	<u>\$ 1,465,997</u>	<u>\$ 1,364,926</u>	<u>\$ 1,278,947</u>	<u>\$ 1,551,976</u>
Liabilities:				
Accounts payable	\$ 4,657	\$ 30,550		\$ 35,207
Due to other groups	<u>1,461,340</u>	<u>1,334,376</u>	<u>1,278,947</u>	<u>1,516,769</u>
Total liabilities	<u>\$ 1,465,997</u>	<u>\$ 1,364,926</u>	<u>\$ 1,278,947</u>	<u>\$ 1,551,976</u>

Statistical Section

This part of the Town of South Windsor, Connecticut's comprehensive annual report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents	Page
Financial Trends	78-81
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	82-84
These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes	
Debt Capacity	85-87
These schedules present information to help the reader assess the affordability of the Town's current level of outstanding debt and the Town's ability to issue additional debt in the future.	
Demographic and Economic Information	88-89
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	90-92
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

TABLE 1

TOWN OF SOUTH WINDSOR, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Net investment in capital assets	\$ 107,128,991	\$ 111,510,516	\$ 512,445,556	\$ 127,661,949	\$ 133,875,251	\$ 118,642,281	\$ 117,808,001	\$ 603,648,675	\$ 122,049,902	\$ 121,725,879
Restricted	207,812									
Unrestricted	<u>19,539,732</u>	<u>13,915,715</u>	<u>18,233,425</u>	<u>4,484,969</u>	<u>3,127,155</u>	<u>17,107,966</u>	<u>15,450,828</u>	<u>71,828,521</u>	<u>3,142,130</u>	<u>3,572,905</u>
Total Governmental Activities Net Position	<u>\$ 126,876,535</u>	<u>\$ 125,426,231</u>	<u>\$ 530,678,981</u>	<u>\$ 132,146,918</u>	<u>\$ 137,002,406</u>	<u>\$ 135,750,247</u>	<u>\$ 133,258,829</u>	<u>\$ 675,477,196</u>	<u>\$ 125,192,032</u>	<u>\$ 125,298,784</u>

* Restated for GASB 68

TOWN OF SOUTH WINDSOR, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
General government	\$ 4,159,511	\$ 5,315,296	\$ 5,156,910	\$ 5,130,630	\$ 4,860,046	\$ 5,121,861	\$ 4,834,624	\$ 4,744,705	\$ 4,680,398	\$ 9,644,225
Public safety	8,256,565	8,553,070	8,926,160	11,024,674	9,483,051	9,125,906	9,701,599	10,466,567	10,116,105	12,259,882
Public works	12,866,938	14,736,412	15,027,502	13,513,891	13,030,693	22,845,865	20,810,758	17,311,069	18,662,827	15,648,511
Human services	1,001,659	1,498,259	1,425,909	1,267,152	1,683,719	1,793,418	1,448,173	1,496,189	1,469,110	1,516,678
Culture and recreation	2,846,329	2,591,615	3,038,581	4,790,717	6,253,473	6,551,287	5,127,771	5,170,258	5,799,240	7,649,148
Education	65,443,725	85,310,772	72,196,979	71,090,473	72,800,171	77,421,480	79,644,193	82,765,300	85,125,614	83,800,549
Debit service interest	1,114,002	1,660,488	1,122,172	1,430,633	1,091,251	1,556,829	148,247	1,608,802	1,508,063	1,619,954
Total Governmental Activities Expenses	<u>95,688,729</u>	<u>119,665,912</u>	<u>106,894,213</u>	<u>108,248,170</u>	<u>109,202,404</u>	<u>124,416,646</u>	<u>121,715,365</u>	<u>123,562,890</u>	<u>127,361,357</u>	<u>132,138,947</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,738,650	2,055,893	1,012,144	1,109,617	961,454	1,448,690	1,521,538	1,221,156	1,348,396	2,182,425
Public safety	136,505	131,600	46,525	59,505	70,640	122,635	116,885	94,031	146,221	187,007
Public works	2,721,901	3,440,921	3,223,955	3,817,089	3,278,559	3,780,034	4,379,717	4,285,579	4,438,121	4,501,771
Human services			57,765	42,241	50,052	71,340	86,393	87,797	100,976	208,544
Culture and recreation	922,046	899,936	1,229,828	1,409,056	1,422,871	1,583,926	1,766,873	1,635,322	2,925,417	2,519,572
Education	2,503,648	2,697,931	2,701,376	3,016,137	2,864,058	2,599,423	2,622,886	2,406,020	2,374,627	2,256,463
Operating grants and contributions:										
General government	67,478	35,414	919,332	148,302	229,750	171,502	259,305	222,531	481,542	287,925
Public safety	63,630	49,784	149,047	105,336	95,575	167,775	115,056	82,222	60,481	198,884
Public works	191,662	301,035	315,880	195,257	195,936	563,510	496,348	404,160	395,417	388,764
Human services	66,235	52,249	70,959	104,359	64,498	83,411	81,856	108,808	102,950	106,027
Culture and recreation	35,623	37,051	34,873	35,610	64,431	40,421	41,304	36,038	43,098	49,800
Education	15,359,303	36,316,660	20,569,944	20,251,236	21,068,318	22,978,222	22,502,841	24,771,275	23,165,519	24,209,031
Interest on long-term debt		214,637	156,680	98,684	45,558					
Capital grants and contributions:										
General government	53,750							170,906	75,344	71,433
Public safety		30,000		4,625,819	3,840,842	1,162,761	149,528			
Public works	87,780	335,220	25,000	155,919	18,574	173,981	7,525	759,237	310,314	1,398,722
Human Services					454,151	7,673,048	1,786,113			
Culture and recreation	314,778				247,401					
Education		131,184			18,942					
Total Governmental Activities Revenues	<u>24,262,989</u>	<u>46,729,515</u>	<u>30,513,308</u>	<u>35,174,167</u>	<u>34,991,610</u>	<u>42,620,679</u>	<u>35,934,168</u>	<u>36,285,082</u>	<u>35,968,423</u>	<u>38,566,368</u>
Total Governmental Activities Net Expense	<u>(71,425,740)</u>	<u>(72,936,397)</u>	<u>(76,380,905)</u>	<u>(73,074,003)</u>	<u>(74,210,794)</u>	<u>(81,795,967)</u>	<u>(85,781,197)</u>	<u>(87,277,808)</u>	<u>(91,392,934)</u>	<u>(93,572,579)</u>
General Revenues and Other:										
Changes in Net Position:										
Governmental activities:										
Property taxes	68,388,500	69,547,717	73,058,873	76,241,912	77,579,585	79,389,621	81,643,855	87,371,201	90,037,532	91,922,703
Grants and contributions not restricted to specific programs	1,166,902	1,328,140	1,300,566	1,501,594	1,342,114	1,032,892	1,515,179	1,929,166	1,532,895	1,603,494
Unrestricted investment earnings	1,186,451	1,215,003	430,424	133,579	135,226	117,606	130,745	156,863	183,329	121,033
Other general revenues, net			13,372	250,300	9,357	3,689			26,834	32,101
Total Primary Government	<u>70,741,853</u>	<u>72,090,860</u>	<u>74,803,235</u>	<u>78,127,385</u>	<u>79,066,282</u>	<u>80,543,808</u>	<u>83,289,779</u>	<u>89,457,230</u>	<u>91,780,590</u>	<u>93,679,331</u>
Change in Net Position:										
Total Governmental Activities	<u>\$ (683,887)</u>	<u>\$ (845,537)</u>	<u>\$ (1,577,670)</u>	<u>\$ 5,053,382</u>	<u>\$ 4,855,488</u>	<u>\$ (1,252,159)</u>	<u>\$ (2,491,418)</u>	<u>\$ 2,179,422</u>	<u>\$ 387,656</u>	<u>\$ 106,752</u>

TABLE 3

TOWN OF SOUTH WINDSOR, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Nonspendable	\$	\$	\$	\$	\$ 4,836	\$ 135,863	\$ 17,508	\$ 18,722	\$ 970	\$
Restricted										
Committed										
Assigned					2,940,494	1,413,432	1,616,470	1,772,742	1,527,753	2,096,625
Unassigned					3,431,794	3,504,042	5,042,748	5,238,041	5,329,639	8,035,255
Reserved	1,338,085	964,171	1,207,916	416,571						
Unreserved	6,471,890	6,060,669	4,112,854	5,274,518						
Total General Fund	\$ <u>7,809,975</u>	\$ <u>7,024,840</u>	\$ <u>5,320,770</u>	\$ <u>5,691,089</u>	\$ <u>6,377,124</u>	\$ <u>5,053,337</u>	\$ <u>6,676,726</u>	\$ <u>7,029,505</u>	\$ <u>6,858,362</u>	\$ <u>10,131,880</u>
All other governmental funds:										
Nonspendable	\$	\$	\$	\$	\$ 39,341	\$ 29,687	\$ 33,293	\$ 42,355	\$ 56,678	\$ 39,488
Restricted					9,762,789	746,991	760,375	836,513	857,917	839,148
Committed					1,216,583	5,153,671	3,082,618	3,928,403	6,143,366	2,468,694
Assigned										
Unassigned					(24,679,573)	(24,089,935)	(48,018)	(282,640)	(28,482)	(3,742,300)
Reserved	275,590	33,534	83,671	1,785,790						
Unreserved reported in										
Special revenue	(1,579,769)	1,565,105	1,744,040	2,104,207						
General fund			4,112,854							
Capital Projects funds	5,493,449	10,951,390	10,608,698							
Debt Service funds										
Unassigned				(9,706,171)						
Total All Other Governmental Funds	\$ <u>4,189,270</u>	\$ <u>12,550,029</u>	\$ <u>16,549,263</u>	\$ <u>(5,816,174)</u>	\$ <u>(13,660,860)</u>	\$ <u>(18,159,586)</u>	\$ <u>3,828,268</u>	\$ <u>4,524,631</u>	\$ <u>7,029,479</u>	\$ <u>(394,970)</u>

**TOWN OF SOUTH WINDSOR, CONNECTICUT
REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
LAST TEN YEARS
(Accrual Basis of Accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Property taxes	\$ 68,655,784	\$ 69,340,563	\$ 73,288,794	\$ 75,463,071	\$ 77,616,815	\$ 79,552,717	\$ 81,674,471	\$ 86,482,924	\$ 89,316,302	\$ 92,999,372
Intergovernmental	17,963,069	39,307,179	24,043,226	28,146,624	28,113,379	33,780,263	26,568,233	28,191,586	25,919,136	27,782,151
Charges for goods and services	8,049,474	9,031,402	8,487,159	9,468,847	8,692,434	9,748,323	10,489,952	9,632,436	11,415,230	11,920,765
Investment earnings	1,033,723	1,056,487	386,673	126,534	128,533	108,011	125,044	150,955	61,316	111,262
Miscellaneous	366,915	311,049	268,430	378,570	150,105	399,235	310,672	288,393	360,333	463,547
Total revenues	<u>96,068,965</u>	<u>119,046,680</u>	<u>106,474,282</u>	<u>113,583,646</u>	<u>114,701,266</u>	<u>123,588,549</u>	<u>119,168,372</u>	<u>124,746,294</u>	<u>127,072,317</u>	<u>133,277,097</u>
Expenditures:										
Current:										
General government	2,897,245	3,115,378	3,373,695	3,122,178	3,139,276	3,049,108	3,161,756	3,438,550	3,444,744	3,560,662
Public safety	6,581,723	7,172,959	7,062,827	7,083,887	7,148,435	7,422,390	7,480,490	7,989,555	8,334,840	8,320,505
Public works	8,902,347	10,331,702	10,633,161	10,295,764	9,629,119	9,749,410	10,946,524	10,675,686	10,975,854	11,143,679
Human services	792,325	839,554	1,376,881	1,025,250	1,005,973	1,098,224	1,078,348	1,090,749	1,088,900	1,121,246
Culture and recreation	2,025,417	2,147,413	1,980,068	2,684,034	3,809,077	4,231,557	4,193,506	4,445,705	4,710,096	4,946,672
Insurance and sundry	3,968,406	4,349,097	5,016,922	5,322,359	5,601,532	5,856,476	6,090,641	6,630,836	6,467,843	6,556,833
Education	62,724,391	83,714,903	69,452,681	71,461,011	73,212,843	77,665,214	77,187,320	82,367,010	81,650,067	83,381,512
Capital outlay	5,879,635	4,745,863	8,534,738	27,765,090	5,114,605	5,043,160	4,418,905	5,598,435	6,255,201	6,874,897
Debit service:	39,147	3,872,639	4,801,040	4,938,502	22,911,574	17,864,364	8,279,178	7,780,265	7,179,399	18,260,516
Total expenditures	<u>97,614,458</u>	<u>120,289,508</u>	<u>112,232,013</u>	<u>133,698,075</u>	<u>131,572,434</u>	<u>131,979,903</u>	<u>122,836,668</u>	<u>130,016,791</u>	<u>130,106,944</u>	<u>144,166,522</u>
Deficiency of Revenues over Expenditures	<u>(1,545,493)</u>	<u>(1,242,828)</u>	<u>(5,757,731)</u>	<u>(20,114,429)</u>	<u>(16,871,168)</u>	<u>(8,391,354)</u>	<u>(3,668,296)</u>	<u>(5,270,497)</u>	<u>(3,034,627)</u>	<u>(10,889,425)</u>
Other Financing Sources:										
Proceeds from bond refunding		5,310,000	9,375,000		9,650,000	15,185,000	27,516,583	6,615,000	5,160,000	
Premium on bonds		86,785	596,264		76,917	1,112,007		731,924	78,540	207,067
Payments to escrow agents		(5,317,859)	(9,831,223)			(15,912,713)		(7,163,837)		
Proceeds from bonds issued	1,568,029	8,625,000	4,800,000	1,200,000		2,000,000		6,320,000		4,300,000
Proceeds from leases	974,897	193,011		32,165	102,103	684,547	363,951	480,552	826,352	2,946,407
Transfers in	4,882,944	6,888,411	4,223,911	2,652,999	1,207,649	736,818	1,305,972	1,183,689	2,000,812	1,761,537
Transfers out	(4,882,944)	(6,888,411)	(4,223,911)	(2,652,999)	(1,324,152)	(1,236,818)	(1,906,972)	(1,847,689)	(2,697,372)	(2,476,517)
Total other financing sources	<u>2,542,926</u>	<u>8,896,937</u>	<u>4,940,041</u>	<u>1,232,165</u>	<u>9,712,517</u>	<u>2,568,841</u>	<u>27,279,534</u>	<u>6,319,639</u>	<u>5,368,332</u>	<u>6,738,494</u>
Net Change in Fund Balances	997,433	7,654,109	(817,690)	(18,882,264)	(7,158,651)	(5,822,513)	23,611,238	1,049,142	2,333,705	(4,150,931)
Fund Balance at Beginning of Year	<u>11,001,812</u>	<u>11,920,760</u>		<u>18,757,179</u>	<u>(125,085)</u>	<u>(7,283,736)</u>	<u>(13,106,249)</u>	<u>10,504,989</u>	<u>11,554,131</u>	<u>13,887,836</u>
Fund Balance at End of Year	<u>\$ 11,999,245</u>	<u>\$ 19,574,869</u>	<u>\$ (817,690)</u>	<u>\$ (125,085)</u>	<u>\$ (7,283,736)</u>	<u>\$ (13,106,249)</u>	<u>\$ 10,504,989</u>	<u>\$ 11,554,131</u>	<u>\$ 13,887,836</u>	<u>\$ 9,736,905</u>
Debt Service as a Percentage to Noncapital Expenditures	4.15%	3.30%	4.60%	4.58%	21.02%	14.52%	6.85%	6.30%	5.75%	14.35%

TABLE 5

**TOWN OF SOUTH WINDSOR, CONNECTICUT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Grand List Year	Residential Property	Commercial Property	Industrial Property	Miscellaneous Land	Personal Property	Motor Vehicle	Total Taxable Assessed Value	Estimated Actual Taxable Value	Total Direct Tax Rate
2015	\$ 1,654,641,690	\$ 227,246,090	\$ 241,954,101	\$ 36,553,760	\$ 272,704,520	\$ 217,673,720	\$ 2,650,773,881	\$ 2,546,423,871	37.34
2014	1,640,800,440	258,829,020	207,156,730	28,942,921	261,120,500	217,444,060	2,614,293,671	2,501,567,051	36.54
2013	1,640,728,440	206,856,100	232,673,751	39,949,570	287,829,500	216,945,460	2,625,621,910	2,506,427,581	35.51
2012	1,633,838,576	205,539,900	231,697,300	41,308,580	258,829,020	207,156,730	2,579,737,796	2,468,393,038	34.90
2011	1,884,523,439	265,151,620	252,782,021	35,086,880	246,646,610	208,122,550	2,892,351,890	2,771,296,551	29.43
2010	N/A	N/A	N/A	N/A	231,536,430	194,075,430	2,854,438,730	2,740,622,596	26.76
2009	N/A	N/A	N/A	N/A	237,208,005	184,651,916	2,838,155,882	2,731,391,588	26.34
2008	N/A	N/A	N/A	N/A	218,994,377	186,016,297	2,817,087,354	2,721,963,795	27.84
2007	N/A	N/A	N/A	N/A	176,737,175	195,222,387	2,749,100,942	2,680,367,627	27.42

Note: The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year. There are no overlapping government's that collect property taxes from town residents.

Sources: Town Records - Assessor's Office (Note: 2007-2010 not separately available for residential, commercial, industrial and miscellaneous)
 State of CT Website: <https://data.ct.gov/Government/2012-Net-Grand-List-by-Town/ebya-9ie6>
 Town's Official Statement dated January 25, 2016

TABLE 6

**TOWN OF SOUTH WINDSOR, CONNECTICUT
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Nature of Business	2016			2007		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
CT Light and Power	Utility	\$ 59,889,790	1	2.39%	\$ 19,730,180	3	0.74%
Evergreen Walk Lifestyle Center	Retail	30,792,400	2	1.23%	37,844,660	1	1.41%
FedEx Ground Package	Distribution	15,706,130	3	0.63%			
Federated Retail Holdings	Retail	14,676,280	4	0.59%	20,226,362	2	0.75%
DST Realty	Services	14,530,740	5	0.58%	11,587,700	9	0.43%
Town Center of South Windsor	Real Estate	12,348,800	6	0.49%	16,737,210	4	0.62%
Connecticut Water Co.	Utility	11,691,150	7	0.47%			
Ticket Network	Retail	10,304,560	8	0.41%			
Yankee Gas Services Co.	Utility	10,214,070	9	0.41%			
Target Corp.	Retail	9,999,170	10	0.40%	15,513,420	5	0.58%
Benchmark GPT Windsor LLC (Village at Buckland)	Healthcare			0.00%			
Evergreen Walk LLC	Real Estate			0.00%	14,545,880	7	0.54%
Lowes Home Centers, Inc.	Retail			0.00%	14,800,040	6	0.55%
Gerber Companies	Manufacturing			0.00%	12,553,480	8	0.47%
Ventas Realty L.P.	Real Estate			0.00%	11,229,610	10	0.42%
	Total	\$ 190,153,090		7.60%	\$ 101,303,884		5.45%

TABLE 7

**TOWN OF SOUTH WINDSOR, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ending 6/30	Taxable Grand List (1)	Tax Rate (In Mills)	Adjusted Tax Levy	% Annual Levy Collected	Uncollected Taxes	
					End of Each Fiscal Year	As of June 30, 2016
2016 (Adopted Budget)	\$ 2,501,567,051	\$ 36.54	\$ 90,070,764	98.9	\$ 1,002,795	\$ 1,002,795
2015	2,506,427,581	35.51	89,399,738	98.4	1,433,906	1,433,906
2014	2,468,393,038	34.90	86,279,650	98.6	1,236,937	680,021
2013	2,771,296,551	29.43	81,652,659	98.7	1,086,502	463,239
2012	2,740,622,596	28.78	78,796,861	98.7	1,043,950	237,592
2011	2,731,391,588	28.34	77,518,490	98.7	978,892	195,122
2010	2,721,963,795	27.84	75,361,514	98.5	1,104,861	249,674
2009	2,680,367,627	27.42	73,246,521	98.7	986,560	193,495
2008	2,113,039,277	32.54	69,056,659	98.9	778,616	167,428
2007	2,068,078,955	32.54	67,732,297	99.0	695,704	146,425

Source: Town Records - Office of the Tax Collector

Note: Amounts in Collections in Subsequent Years column are updated each year in determining the Total Collections to date column amount and percentage of levy.

TABLE 8

**TOWN OF SOUTH WINDSOR, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Notes	Capital Leases	Total Debt Primary Government	Percentage of Personal Income	Debt Per Capita	Ratio of Bonded Debt to Assessed Value
2016	\$ 39,375,000	\$ 21,360,000	\$ 5,446,534	\$ 66,181,534	0.06%	\$ 3,208	2.53%
2015	38,105,000	7,160,000	3,773,415	49,038,415	0.08%	2,682	1.87%
2014	35,775,000	12,935,000	2,928,104	51,638,104	0.07%	2,588	1.98%
2013	32,535,000		2,488,225	35,023,225	0.11%	2,680	1.33%
2012	35,490,000	9,050,000	4,011,103	48,551,103	0.08%	2,797	1.88%
2011	36,535,000	1,950,000	4,011,103	42,496,103	0.09%	2,166	1.47%
2010	28,848,045		3,609,065	32,457,110	0.10%	1,232	1.14%
2009	33,780,000		2,109,109	35,889,109	0.09%	1,193	1.26%
2008	32,070,000	1,429,997	N/A	33,499,997	0.09%	1,349	1.19%
2007	35,445,000		N/A	35,445,000	0.09%	1,266	1.29%

TABLE 9

**TOWN OF SOUTH WINDSOR, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 481,151,881	\$ 484,387,855	\$ 512,445,556	\$ 526,910,767	\$ 543,682,512	\$ 555,337,279	\$ 572,155,955	\$ 603,648,675	\$ 624,631,371	\$ 650,125,903
Total net debt applicable to limit	<u>45,988,710</u>	<u>43,498,746</u>	<u>38,560,775</u>	<u>66,223,355</u>	<u>77,233,983</u>	<u>85,056,162</u>	<u>73,402,142</u>	<u>71,828,521</u>	<u>72,623,485</u>	<u>92,608,657</u>
Legal Debt Margin	<u>\$ 435,163,171</u>	<u>\$ 440,889,109</u>	<u>\$ 473,884,781</u>	<u>\$ 460,687,412</u>	<u>\$ 466,448,529</u>	<u>\$ 470,281,117</u>	<u>\$ 498,753,813</u>	<u>\$ 531,820,154</u>	<u>\$ 552,007,886</u>	<u>\$ 557,517,246</u>
Total net debt applicable to the limit as a percentage of debt limit	9.56%	8.98%	7.52%	12.57%	14.21%	15.32%	12.83%	11.90%	11.63%	14.24%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2014 debt limit can be found on Schedule 5 of this report.

**TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2016**

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2016	\$ 92,873,129
Tax relief for the elderly	<u>2,000</u>
BASE	<u>\$ 92,875,129</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 208,969,040	\$	\$	\$	\$
4-1/2 times base		417,938,081			
3-3/4 times base			348,281,734		
3-1/4 times base				301,844,169	
3 times base					278,625,387
Total debt limitation	<u>208,969,040</u>	<u>417,938,081</u>	<u>348,281,734</u>	<u>301,844,169</u>	<u>278,625,387</u>
Indebtedness:					
Bonds and notes payable	26,271,000	8,349,000	1,750,000		
CWF notes payable			24,460,009		
Authorized, unissued bonds	<u>9,000,000</u>	<u>18,021,724</u>	<u>19,483,417</u>		
Total indebtedness	<u>35,271,000</u>	<u>26,370,724</u>	<u>45,693,426</u>	-	-
Less amounts to be provided by the state and other	<u>(5,996,918)</u>	<u>(969,570)</u>	<u>(7,760,005)</u>		
Net indebtedness	<u>29,274,082</u>	<u>25,401,154</u>	<u>37,933,421</u>	-	-
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 179,694,958</u>	<u>\$ 392,536,927</u>	<u>\$ 310,348,313</u>	<u>\$ 301,844,169</u>	<u>\$ 278,625,387</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$650,125,903)

TABLE 11

**TOWN OF SOUTH WINDSOR, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	Educational Attainment		School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
					High School	Bachelors Degree		
2016	\$ 25,789	\$ 38,505	\$ 99,774	43.3	92.6	44.6	4,032	5.1%
2015	25,789	38,505	99,774	43.3	92.6	44.6	4,100	5.2%
2014	25,803	38,505	99,774	43.3	92.6	44.6	4,174	5.4%
2013	25,837	38,505	99,774	43.3	92.6	44.6	4,194	6.0%
2012	25,812	38,505	99,774	43.3	92.6	44.6	4,288	6.3%
2011	25,779	38,505	99,774	43.3	92.6	44.6	4,485	6.3%
2010	25,709	38,505	99,774	43.3	92.6	44.6	4,589	6.9%
2009	26,258	30,966	82,807	44.2	91.4	41.6	4,732	6.2%
2008	25,966	30,966	82,807	44.2	91.4	41.6	4,865	4.3%
2007	25,940	30,966	82,807	44.2	91.4	41.6	4,967	3.3%

⁽¹⁾ U.S. Bureau of Census, American Community Fact Finder/ State of CT - Department of Health

⁽²⁾ U.S. Department of Commerce, Bureau of Census for years 2000 and 2010

⁽³⁾ Town of South Windsor, Board of Education

⁽⁴⁾ State of Connecticut, Labor Department, Office of Research and Statistics

TABLE 12

**TOWN OF SOUTH WINDSOR, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	Nature of Business	2016			2007		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of South Windsor	Municipality	801	1	3.11%	850	1	3.27%
DST Output	Services	650	2	2.52%	500	2	1.92%
Ticket Network	Services	441	3	1.71%			
The May Company	Distributor	389	4	1.51%	400	3	1.54%
Doosan Fuel Cell America	Manufacturer	320	5	1.24%			
Target Corp	Retailing	250	6	0.97%	150	7	0.58%
Lowe's Home Improvement	Retailing	170	7	0.66%	150	8	0.58%
Electro Methods	Manufacturing	155	8	0.60%	210	5	0.81%
HPC Food Services	Food Products (Wholesale)	153	9	0.59%	140	9	0.54%
Paradigm Healthcare Ctr	Healthcare	130	10	0.50%			
Haven Health Center - South Windsor	Healthcare				130	10	0.50%
Federated Retail Holdings	Retailing/Distribution						
Gerber Scientific	Manufacturing				259	4	1.00%
Eastern Connecticut Health	Medical						
South Windsor Senior Living	Healthcare						
C & S Distributors	Manufacturing				170	6	0.65%
Total		3,459		13.41%	2,959		11.39%

TABLE 13

TOWN OF SOUTH WINDSOR, CONNECTICUT
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>Function/Program</u>										
General government										
Town Manager's Office	5.0	5.0	5.0	5.0	4.0	4.0	7.0	7.0	7.0	4.0
Registrar of Voters	2.0	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Finance and taxation	12.0	12.0	12.0	12.0	12.0	12.0	12.0	11.0	11.0	12.0
Town Clerk	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Information Technology	5.0	4.0	4.0	5.0	5.0	5.0	6.0	5.0	5.0	5.0
Public safety:	54.0	54.0	54.0	52.0	54.0	52.0	55.0	55.0	55.0	54.0
Public Works	47.0	47.0	47.0	45.0	48.0	48.0	48.0	48.0	48.0	48.0
Public Health	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Building	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Planning & Zoning	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Human Services	8.0	8.0	8.0	9.0	9.0	9.0	10.0	10.0	10.0	9.0
Culture and Recreation	18.0	18.0	18.0	19.0	18.0	18.0	17.0	17.0	17.0	18.0
Library	12.0	12.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Education	628.0	638.0	639.0	628.0	609.0	635.0	642.0	642.0	615.0	672.0
Total	<u>801.0</u>	<u>810.0</u>	<u>811.0</u>	<u>802.0</u>	<u>787.0</u>	<u>811.0</u>	<u>825.0</u>	<u>823.0</u>	<u>796.0</u>	<u>850.0</u>

Source: Town of South Windsor, Human Resources Office

TABLE 14

**TOWN OF SOUTH WINDSOR, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
General service calls	28,306	33,068	33,329	34,562	44,701	35,186	35,073	36,210	40,581	33,233
Criminal Arrests	630	427	643	569	645	690	861	900	822	852
Traffic accidents	395	399	584	586	410	459	582	459	438	451
Fire Marshal										
Fire Investigations Completed	27	23	19	10	18	34	37	7	23	13
Inspections	1,545	2,565	1,704	850	588	627	508	635	967	607
Public Works										
GIS Dashboard Requests*	379	958	903	700	375					
Snow Routes	20	21	21	21	21	19	18	18	18	18
Miles of Road Plowed	140	140	140	140	140	140	139	139	138	138
Road Surface Treatment Miles	6.2	4.3	5.6	2.0	1.0	7.0	12.9	7.4	8.3	8.0
Catch Basins Cleaned	1,736	1,997	2,048	1,677	2,896	815	292	2,831	2,007	799
Health/Human Services										
Food Service Inspections	140	107	195	147	103	75	85	158	136	48
Child Care Facility Inspections	11	3	13	11	13	10	10	5	5	5
Youth Development Participants	913	1,900	2,797	600	1,899	584	967	649	1,003	2,045
Teen Center Participants	254	275	313	500	427	471	460	430	450	495
Parks and recreation										
Athletic Fields Maintained	25	25	25	23	23	23	23	23	23	23
Baseball/Softball Fields maintained	16	16	16	16	16	16	16	16	16	16
Library										
Total Circulation	231,708	268,030	277,000	283,300	284,291	280,467	281,672	289,557	281,748	278,284
Library Sponsored Programs	568	562	433	500	487	434	279	457	399	318
Wastewater										
Wastewater Treated (million gallons)	816.8	856.8	908.5	800	808	684	701	684.2	639.7	709.4
Emergency Call-outs/Alarms	102	94	142	110	148	73	58	55	54	65
Miles of Sewer Line Cleaned	7.75	5.5	18.5	12.00	2.80	1.90	33.00	6	19	12

TABLE 15

TOWN OF SOUTH WINDSOR, CONNECTICUT
OPERATING INDICATORS by FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>Function/Program</u>										
Public safety										
<i>Police:</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	42	42	42	42	42	42	42	41	41	39
<i>Fire:</i>										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	13	13	13	13	13	13	13	13	13	13
Hydrants	937	927	890	890	890	890	890	890	890	890
Public works										
Vehicles	116	114	102	105	102	108	111	107	103	98
Streets (miles)	140	140	140	140	140	139.5	139	139	138	138
Recreation										
Vehicles	14	13	13	12	13	13	13	13	13	13
Acreage	840.53	840.53	840.53	812.94	812.94	812.94	812.94	802.02	802.02	802.02
Playgrounds	2	2	2	2	2	2	2	2	2	1
Athletic fields	41.5	41.5	41.5	39.5	39.5	39.5	39.5	39.5	36.5	36.5
Community centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	3	3	3	3	3	3
Public Libraries										
Libraries	1	1	1	1	1	1	1	1	1	1
Human Services										
Community Center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	4	4	4	4	3	3	3	3	3	3
Education										
Schools	7	7	7	7	7	7	7	7	7	7