

TOWN OF SOUTH WINDSOR, CONNECTICUT



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

Comprehensive Annual Financial Report

of the

Town of South Windsor, Connecticut

Fiscal Year Ended June 30, 2018

Finance Department

Patricia Perry
Director of Finance

**TOWN OF SOUTH WINDSOR, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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JUNE 30, 2018**

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Introductory Section



Town of South Windsor

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TELEPHONE (860) 644-2511

December 20, 2018

Mayor M. Saud Anwar
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, 2018. 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, 2018. 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 4,100 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 four schools for pupils in grades K through 5, 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’s October 1, 2016 grand list, effective for the 2017-2018 fiscal year, increased 2.21% or \$56.3 million from the previous year. Growth was primarily due to increases in Personal Property and Motor Vehicles. The 2016 net taxable grand list totals \$2.6 billion and its components are comprised of 72.6% residential, 8.03% commercial, 11.65% personal property and 7.72% motor vehicle. The Town continues to maintain a balanced mix of retail, light industry,

manufacturing and retirement communities and its top ten taxpayers comprise 9.15% of the total assessed value on the October 1, 2016 grand list. The Town's property collection rate has been consistently above 98% for the past ten years. Increased collection efforts resulted in a 98.95% collection rate, which exceeded the 98.75% assumed in the fiscal year 2018 budget.

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. According to the State of CT Department of Labor, at June 30, 2018, the unemployment rate in South Windsor was 3.8% while in Hartford County it was 4.5%. The Town's unemployment rate is also significantly lower than the 2018 State annual average unemployment rate of 4.4% and national rate of 4.0%

South Windsor has a well-balanced, economically diverse mix of businesses and light manufacturing uses, commercial office buildings, medical facilities and retail space. Fiscal 2018 saw a continuation of robust construction activity with The Building Department issuing 2,141 permits and collecting \$1.2 million in revenues.

Major development that began or continued during fiscal year 2018 include:

- South Windsor Woods is a combination of free-standing homes, duplex style and townhomes. This new development of 150 units on 49 acres has 30 units currently occupied and active construction continues;
- School House Estates is a development of 14 new single family homes is currently under construction;
- Clark Estates Phase II was completed adding an additional 22 units of single-family homes;
- The Estates at South Windsor is a Toll Brothers development of 43 new single family homes on 46 acres. Fifteen homes were partial complete at June 30th;
- The Village at Berry Path is a 78-unit apartment complex currently under construction; and
- Aldi, Inc., has started construction on Phase II of an expansion that will add 180,000 sq. ft.

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. A recently completed addition to the Center is Tempo at Evergreen Walk, 200 upscale one and two bedroom apartments. Construction began on Evergreen Crossing Retirement Community, which will add 130 units of senior independent living. In addition to the above, a 102-unit hotel and 120-units of assisted living have been approved for construction. These projects are expected to be pro-rated on the 2017 grand list and add to significant 2018 grand list growth.

Long-Term Financial Planning

In fiscal year 2018, the Town issued \$4,850,000 of anticipatory notes for the construction of the new Orchard Hill School and roadwork improvements and \$11,500,000 in general obligation bonds. The Town entered into capital leases for vehicles and a 2017 Sutphen Fire Pumper. 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 Abbe Road, numerous pavement repairs and Avery Street-Phase II and III 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.
- The Water Pollution Control Division completed a sewer extension on Nevers Road and sewer main improvements on Avery Street and funded an Easement Vegetation Management Plan and Sullivan Avenue Siphon Rehabilitation which will continue into the next fiscal year.
- In October 2013, the Board of Education adopted the Elementary Facilities Ten-Year Master Plan to address our five aging elementary school buildings, which range in age from 51 to 63 years old. This plan stems from the 2011-2014 Strategic Plan which called for the development of a "long-range elementary facilities plan that promotes a safe, engaging learning environment accessible to all students and community members." The Plan calls for a three-phased approach using multiple referenda to address the elementary facilities needs over a span of ten years. Phase I was recently completed with the new Orchard Hill School opening in August 2017. The new building is 71,729 square feet, and houses students in grades K-5. Phase II of the Ten-Year Elementary Facilities Master Plan calls for the construction of two new K-5 schools: Philip R. Smith Elementary and Eli Terry Elementary. The proposal was approved by the Town of South Windsor in a referendum held on March 21, 2017. Details regarding the new Philip R. Smith facility are as follows: a 58,243 square foot K-5 elementary school will be built on the site of the existing Philip R. Smith building. A 66,586 square foot K-5 elementary school will be built on the Eli Terry campus (includes districtwide specialized programs). Construction is expected to begin in spring 2019 and completed in summer 2020.

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 five-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 request 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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the Town of South Windsor for its CAFR for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standard for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, who contents conform to program standards. Such CAFR must satisfy both accounting principles generally accepted in the United States of American and applicable legal requirements.

A Certificate of Achievement for a CAFR is valid for a period of one year only. The Town of South Windsor believes our current report continues to conform to the Certificate of Achievement program requires, and we are submitting it to GFOA for consideration once again. The Town was also presented a Distinguished Budget Presentation Award from the GFOA for the past four years.

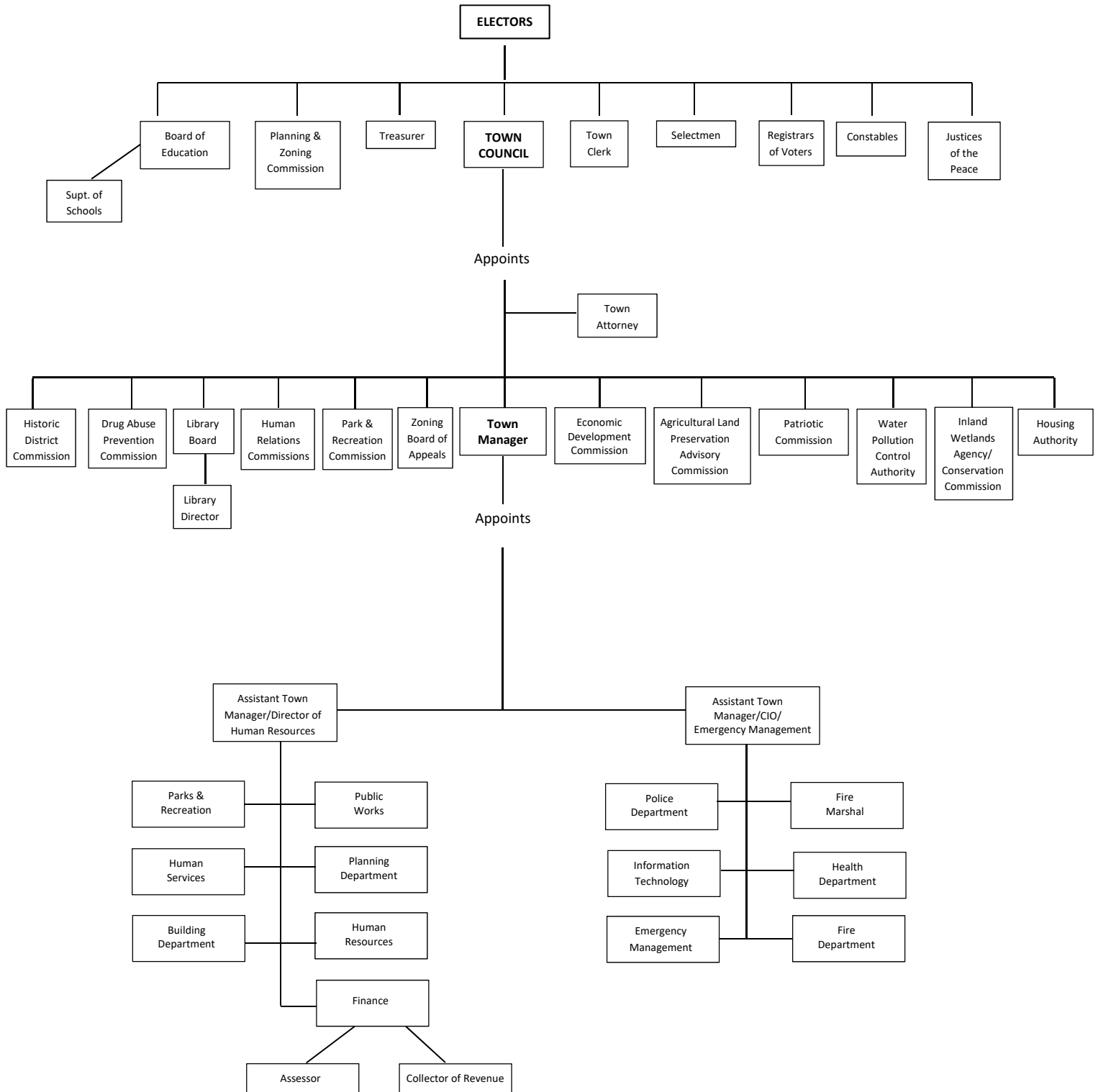
The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. I would like to thank Blum, Shapiro & Company, P.C., our independent auditors, for their professional guidance, assistance and many helpful comments 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 Organizational Chart



Town of South Windsor
Listing of Principal Officials
June 30, 2018

TOWN COUNCIL

Dr. M. Saud Anwar, Mayor

Andrew Paterna, Deputy Mayor
Audrey Delnicki
Rabbi Jeffrey Glickman
Mary Justine Hockenberry

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

BOARD OF EDUCATION

Craig Zimmerman, Chairman

Jessica Waterhouse, Vice Chairman
David S. Joy, Secretary
Arthur Adduci
Beth Esstman

Erica Evans
Michael Gonzalez
Michael Paře
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 Human
& 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
Mary Huda, Assessor

Michele Lipe, Director of Planning
Patricia Perry, Director of Finance
Vanessa Perry, Assistant Town Manager/
Director of Human Resources
Jennifer Hilinski-Shirley, Tax Collector
Scott Roberts, Assistant Town Manager/CIO
Walter Summers, Fire Marshal
Lori Trahan, Town Clerk



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of South Windsor
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



Financial Section

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, 2018, 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, 2018 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 14 to the financial statements, during the fiscal year ended June 30, 2018, the Town of South Windsor, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of South Windsor, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of 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 statements of the Town of South Windsor, Connecticut, as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated December 21, 2017, 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, 2017 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 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of South Windsor, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of South Windsor, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 20, 2018

**TOWN OF SOUTH WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018. 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 \$142,854,533, an increase of \$11,903,115 or 9.1% over the previous fiscal year. Of the Town's total net position at June 30, 2018, (\$6,915,481) is unrestricted and may be used to meet the operating needs of the Town.
- During the fiscal year, the Town implemented GASB 75 related to other post-employment benefits (OPEB). GASB 75 requires that the net OPEB liability be recorded on the government-wide financial statements. The current year OPEB expense was \$654,179 and the net OPEB liability at June 30, 2018 was \$6,864,529.
- On a government wide basis, revenues totaled \$147,342,874 while expenses equaled \$135,439,759.
- Total cost of all of the Town's government programs was \$11,903,115 less than the generated revenues. No new programs were added this year.
- The Town bonded \$11,500,000 to permanently fund \$7,500,000 for the new Orchard Hill School construction, \$4,000,000 for road and drainage improvements and issued \$4,125,000 in General Obligation Refunding Bonds. In addition, the Town issued \$4,850,000 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 \$130,951,418 to \$142,854,533. 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 and deferred outflows exceeded liabilities and deferred inflows by \$11,903,115 at the close of the most recent fiscal year.

By far, the largest portion of the Town of South Windsor's net 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	
	2018	2017 (as Restated)
Current assets	\$ 40,299,016	\$ 45,555,472
Capital assets, net of accumulated depreciation	232,330,349	221,464,525
Total assets	<u>272,629,365</u>	<u>267,019,997</u>
Deferred outflows of resources	<u>3,071,739</u>	<u>4,607,275</u>
Long-term liabilities outstanding	12,694,290	34,708,007
Other liabilities	111,000,204	103,937,374
Total liabilities	<u>123,694,494</u>	<u>138,645,381</u>
Deferred inflows of resources	<u>9,152,077</u>	<u>2,030,473</u>
Net Position:		
Net investment in capital assets	149,770,014	124,693,941
Unrestricted	<u>(6,915,481)</u>	<u>6,257,477</u>
Total Net Position	<u>\$ 142,854,533</u>	<u>\$ 130,951,418</u>

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 12,976,918	\$ 12,579,081
Operating grants and contributions	29,898,428	30,391,947
Capital grants and contributions	4,108,455	13,076,946
General revenues:		
Property taxes	98,298,151	96,106,885
Grants and contributions not restricted to specific purposes	1,588,901	2,146,206
Unrestricted investment earnings	472,021	251,754
Other general revenues		55,663
Total revenues	<u>147,342,874</u>	<u>154,608,482</u>
Expenses:		
General government	5,454,460	7,534,628
Public safety	8,991,281	11,059,584
Public works	16,594,152	15,615,857
Human services	1,842,312	1,805,965
Culture and recreation	6,558,564	5,922,105
Education	93,978,140	96,033,281
Debt service	2,020,850	1,786,532
Total expenses	<u>135,439,759</u>	<u>139,757,952</u>
Increase in Net Position	11,903,115	14,850,530
Beginning Net Position	130,951,418	125,298,784
Restatement		<u>(9,197,896)</u>
Ending Net Position	<u>\$ 142,854,533</u>	<u>\$ 130,951,418</u>

As noted above, total revenues were \$147,342,874 and the total cost of all programs and services was \$135,439,759. Our analysis below considers the operations of the fiscal year's governmental activities.

Governmental Activities

The Town's net position increased \$11,903,115 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 \$6.2 million at June 30, 2017 to \$6.6 million at the end of this year.

For governmental activities, approximately 66.7% of the revenues were derived from Property Taxes, followed by 20.3% in Operating Grants & Contributions and 8.8% in Charges for Services. Overall revenues decreased by \$7,265,608 mainly due to Capital Grants. Construction of a new elementary school was completed, and the Town received its last reimbursement request in the fiscal year versus several reimbursement requests in the previous fiscal year.

Major revenue factors included:

- Property tax revenues recorded during fiscal year 2018 reflect a .74 mill increase in the mill rate for the current levy and the impact of a 1.86% growth in the grand list. The increase was driven by growth in real estate and personal property. There was \$2,191,266 more in property tax revenues collected over the previous year.
- Charges for services were \$397,837 greater than the prior year due to building permit activity due to several large economic development programs.
- Operating grants reflected a decrease of \$493,519 mainly due to State and Federal grants funding payments for Education and increases in the State Teacher Retirement Revenue.
- Capital grants and contributions reflected a decrease of \$8,968,491 over the previous year due to grant reimbursement requests for construction costs on the new Orchard Hill Elementary School.

For governmental activities, 69.1% of the Town's expenditures relate to education, 12.3% to public works, 6.7% to public safety, 4.1% for general government and 4.8% to culture and recreation. These percentages are fairly consistent with the prior year.

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.

**GOVERNMENTAL ACTIVITIES
TABLE 3**

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
General government	\$ 5,454,460	\$ 7,534,628	\$ (2,808,494)	\$ (3,757,666)
Public safety	8,991,281	11,059,584	(8,597,754)	(10,856,904)
Public works	16,594,152	15,615,857	(7,355,032)	1,568,040
Human services	1,842,312	1,805,965	(1,419,386)	(1,334,384)
Culture and recreation	6,558,564	5,922,105	(4,206,491)	(3,304,386)
Education	93,978,140	96,033,281	(62,047,951)	(64,238,146)
Debt service	2,020,850	1,786,532	(2,020,850)	(1,786,532)
Total	\$ 135,439,759	\$ 139,757,952	\$ (88,455,958)	\$ (83,709,978)

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 \$18,555,537 inclusive of an unassigned fund balance of \$11,504,687.

The General Fund is the operating fund of the Town. Fund balance of the Town's General Fund increased by \$2,958,146 during the current fiscal year. At June 30, 2018, unassigned fund balance of the General Fund was \$11,247,314 while total fund balance was \$14,049,952. The increase in fund balance is due to greater than expected revenues for building permits, recording fees and investment earnings combined with expenditure savings in General Government, Public Works and Insurance and Benefit line items.

The Town's collection rate in fiscal year 2018 was 98.9%, which is slightly higher than the average collection rate over the past five fiscal years.

General Fund Budgetary Highlights

The approved Town budget (including education) for fiscal year 2017/2018 was \$113,162,485. Education expenses continued to be the largest component at 62.9%, followed by public safety at 7.9%, and public works at 7.2%.

During the year, actual revenues and other financing sources on a budgetary basis were \$115,330,398 which exceeded budgetary estimates by \$2,276,676. Motor Vehicle Taxes, budgeted at 32 mills were billed at 37 mills adding \$816,000 to actuals. Charges for current services exceeded budget expectations by \$974,150 primarily due to increased activity for building permits, higher Town Clerk fees, a member equity distribution and proceeds from a Town Garage auction. The building permit fees collected reflect the increased activity in new construction and economic development. Investment income was \$441,324 over budget due to investing a portion of cash not currently needed into longer term investments for higher interest rates.

Actual expenditures on a budgetary basis and other financing uses totaled \$112,404,401 which was less than budgeted by \$758,084. Total general government accounts were under budget by \$326,489 due to payroll savings and cost containment. Public Safety and Public Works and Insurance/Benefit accounts contributed \$23,393, \$228,479 and \$345,557 respectively to the overall positive variance due to unfilled positions, and overtime savings.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Asset

The Town of South Windsor's investment in capital assets as of June 30, 2018 totals \$232,330,349 (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 \$10,865,824.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	\$ 18,522,047	\$ 17,892,095
Buildings	63,354,504	62,173,094
Improvements other than buildings	16,589,097	17,501,453
Furniture and equipment	6,482,659	6,065,616
Infrastructure	75,177,340	76,471,352
Construction in progress	52,204,702	41,360,915
Total	<u>\$ 232,330,349</u>	<u>\$ 221,464,525</u>

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

- Purchase Open Space known as the Collins Property
- Additions to CIP for Orchard Hill, Eli Terry and PR Smith Elementary school projects
- Additions for oil tank conversions and other BOE school projects
- Lease purchase for a 2017 Sutphen Fire Truck and other Town & BOE vehicles
- Addition of general government and road infrastructure projects financed by bonds and capital budget and;
- Depreciation expense in the amount of \$4,818,828.

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

Long-Term Debt

At June 30, 2018, the Town had \$72,677,127 in bonds and notes outstanding versus \$67,925,093 last year, an increase of 6.99% due to bond issuance to finance a portion of construction for the Orchard Hill Elementary School and road projects. All of the debt is backed by the full faith and credit of the Town.

The Town issued bond anticipation notes (BANS) in the amount of \$4,850,000 for 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.

Debt service expenditures will continue to increase over the next several years as the Town permanently finances expenditures for \$33 million for the construction of the new Orchard Hill Elementary School and \$69.9 million to construct Eli Terry and PR Smith Elementary Schools. All projects are part of the Board of Education 10-year elementary facilities plan.

The Town of South Windsor maintains an AA+ rating for Standard and Poor's and an Aa2 rating from Moody's Investors Service. The overall statutory debt limit for the Town of South Windsor is equal to seven times annual receipts from taxation or \$668 million. As of June 30, 2018, the Town recorded total net debt of \$86 million, well below its statutory debt limits.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES


Overall economic conditions and continued budget instability at the state level continue to be primary concerns of town officials. General Fund appropriations totaled \$118,265,464 in the fiscal year 2019 budget. The mill rate to support these appropriations is 37.67 a decrease of .41 mills over previous year due to the completion of a property revaluation, which resulted in 5.61% growth in the 2017 Grand List.

General Fund spending increased by \$5,102,980, an increase of 4.51% over the fiscal year 2018 budget. The largest increase was to Education with an increase of \$2,820,451 to recover from decrease in budget authorization in previous year. The fiscal year 2019 General Fund budget includes \$700,000 of assigned General Fund balance in order to mitigate the tax increase of the increased appropriations.

Unemployment in the Town as of June 2018 was 3.8% versus 4.0% in June 2017. The State's unemployment rate was 4.4% and 4.7% and the national rate was 4.0% and 4.3% for the same time period.

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, 2018

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 32,553,737
Investments	117,632
Receivables, net	7,587,287
Inventory	21,750
Prepaid items	18,611
Capital assets not being depreciated	70,726,749
Capital assets being depreciated, net of accumulated depreciation	161,603,600
Total assets	<u>272,629,365</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	1,062,479
Deferred outflows related to pensions	1,715,519
Deferred outflows related to OPEB	293,741
Total deferred outflows of resources	<u>3,071,739</u>
Liabilities:	
Accounts payable and accrued liabilities	6,844,499
Unearned revenue	999,791
Notes payable	4,850,000
Noncurrent liabilities:	
Due within one year	7,889,368
Due in more than one year	103,110,836
Total liabilities	<u>123,694,494</u>
Deferred Inflows of Resources:	
Advance property tax collections	2,541,014
Deferred inflows related to pensions	4,290,179
Deferred inflows related to OPEB	2,320,884
Total deferred inflows of resources	<u>9,152,077</u>
Net Position:	
Net investment in capital assets	149,770,014
Unrestricted	<u>(6,915,481)</u>
Total Net Position	<u>\$ 142,854,533</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, 2018**

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	\$ 5,454,460	\$ 2,358,541	\$ 213,749	\$ 73,676	\$ (2,808,494)
Public safety	8,991,281	315,661	77,866		(8,597,754)
Public works	16,594,152	5,170,610	414,628	3,653,882	(7,355,032)
Human services	1,842,312	313,672	109,254		(1,419,386)
Culture and recreation	6,558,564	2,311,662	40,411		(4,206,491)
Education	93,978,140	2,506,772	29,042,520	380,897	(62,047,951)
Interest on long-term debt	2,020,850				(2,020,850)
Total	<u>\$ 135,439,759</u>	<u>\$ 12,976,918</u>	<u>\$ 29,898,428</u>	<u>\$ 4,108,455</u>	<u>(88,455,958)</u>
General revenues:					
Property taxes					98,298,151
Grants and contributions not restricted to specific programs					1,588,901
Unrestricted investment earnings					472,021
Total general revenues					<u>100,359,073</u>
Change in Net Position					11,903,115
Net Position at Beginning of Year, as Restated					<u>130,951,418</u>
Net Position at End of Year					<u>\$ 142,854,533</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<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	\$ 26,070,127	\$	\$ 33,430	\$ 2,036,507	\$ 28,140,064
Investments				117,632	117,632
Receivables, net	3,883,813	2,976,042	427,408	169,001	7,456,264
Due from other funds	334,529	3,192,437	1,495,107	2,258,428	7,280,501
Other assets	<u>9,307</u>			<u>31,054</u>	<u>40,361</u>
Total Assets	<u>\$ 30,297,776</u>	<u>\$ 6,168,479</u>	<u>\$ 1,955,945</u>	<u>\$ 4,612,622</u>	<u>\$ 43,034,822</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 3,864,317	\$ 703,758	\$ 270,848	\$ 335,228	\$ 5,174,151
Due to other funds	6,664,964		309,900	334,529	7,309,393
Notes payable		4,850,000			4,850,000
Unearned revenue		<u>348,188</u>		<u>651,603</u>	<u>999,791</u>
Total liabilities	<u>10,529,281</u>	<u>5,901,946</u>	<u>580,748</u>	<u>1,321,360</u>	<u>18,333,335</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	3,177,529				3,177,529
Unavailable revenue - sewer use			427,407		427,407
Advance property tax collections	<u>2,541,014</u>				<u>2,541,014</u>
Total deferred inflows of resources	<u>5,718,543</u>	<u>-</u>	<u>427,407</u>	<u>-</u>	<u>6,145,950</u>
Fund balances:					
Nonspendable	9,307			31,054	40,361
Restricted				1,483,623	1,483,623
Committed	1,500,000	266,533	947,790	1,785,745	4,500,068
Assigned	1,293,331				1,293,331
Unassigned	<u>11,247,314</u>			<u>(9,160)</u>	<u>11,238,154</u>
Total fund balances	<u>14,049,952</u>	<u>266,533</u>	<u>947,790</u>	<u>3,291,262</u>	<u>18,555,537</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 30,297,776</u>	<u>\$ 6,168,479</u>	<u>\$ 1,955,945</u>	<u>\$ 4,612,622</u>	<u>\$ 43,034,822</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

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	\$ 18,555,537
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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	\$ 390,584,678	
Less accumulated depreciation	<u>(158,254,329)</u>	
Net capital assets		232,330,349

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	1,983,172
Interest receivable on property taxes	1,194,357
Assessments and user fee receivable	332,637
Interest receivable on assessments and user fees	94,770
Deferred outflows related to pension changes in actuarial experience	1,113,580
Deferred outflows related to pension changes in actuarial assumptions	342,873
Deferred outflows related to OPEB changes in actuarial assumptions	191,619
Deferred outflows related to pension changes in projected investment earnings	259,066
Deferred outflows related to OPEB changes in projected investment earnings	102,122

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.

3,520,588

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	(16,476,709)
Deferred inflows related to pension changes in actuarial experience	(313,895)
Deferred inflows related to OPEB changes in actuarial experience	(2,320,884)
Deferred inflows related to pension changes in actuarial assumptions	(3,976,284)
Bonds and notes payable	(72,677,127)
Interest payable on bonds and notes	(617,349)
Compensated absences	(8,606,152)
Capital lease	(3,825,260)
Unamortized bond premium	(2,550,427)
Net OPEB liability	(6,864,529)
Deferred charge on refunding	<u>1,062,479</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 142,854,533</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, 2018**

	General	Capital Projects Fund	Sewer Operating Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 99,981,359	\$	\$	\$	\$ 99,981,359
Intergovernmental	26,542,659	4,108,275		4,411,403	35,062,337
Charges for services	2,710,888	170,077	5,185,390	5,156,904	13,223,259
Investment earnings	441,324		464	17,518	459,306
Miscellaneous		180	2,035	347,111	349,326
Total revenues	<u>129,676,230</u>	<u>4,278,532</u>	<u>5,187,889</u>	<u>9,932,936</u>	<u>149,075,587</u>
Expenditures:					
Current:					
General government	3,658,337			140,349	3,798,686
Public safety	9,065,292			151,884	9,217,176
Public works	7,832,799		3,729,741	184,791	11,747,331
Human services	1,006,150			409,686	1,415,836
Culture and recreation	2,699,404			2,631,214	5,330,618
Insurance and sundry	6,708,737				6,708,737
Education	85,735,350			6,001,522	91,736,872
Debt service	8,363,179	108,006			8,471,185
Capital outlay		14,141,482			14,141,482
Total expenditures	<u>125,069,248</u>	<u>14,249,488</u>	<u>3,729,741</u>	<u>9,519,446</u>	<u>152,567,923</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,606,982</u>	<u>(9,970,956)</u>	<u>1,458,148</u>	<u>413,490</u>	<u>(3,492,336)</u>
Other Financing Sources (Uses):					
Issuance of general obligation bonds		11,500,000			11,500,000
Issuance of refunding bonds		4,125,000			4,125,000
Payments to bond escrow		(5,567,886)			(5,567,886)
Issuance of capital lease		881,013			881,013
Premium on bond issuance	394,300	130,083			524,383
Transfers in	54,483	3,555,679	46,591		3,656,753
Transfers out	(2,097,619)		(1,395,765)	(763,834)	(4,257,218)
Total other financing sources (uses)	<u>(1,648,836)</u>	<u>14,623,889</u>	<u>(1,349,174)</u>	<u>(763,834)</u>	<u>10,862,045</u>
Net Change in Fund Balances	2,958,146	4,652,933	108,974	(350,344)	7,369,709
Fund Balances at Beginning of Year	<u>11,091,806</u>	<u>(4,386,400)</u>	<u>838,816</u>	<u>3,641,606</u>	<u>11,185,828</u>
Fund Balances at End of Year	<u>\$ 14,049,952</u>	<u>\$ 266,533</u>	<u>\$ 947,790</u>	<u>\$ 3,291,262</u>	<u>\$ 18,555,537</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, 2018

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)	\$ 7,369,709
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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	16,243,261
Depreciation expense	(4,818,828)

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.	(558,609)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities

Property tax receivable - accrual basis change	(776,017)
Property tax interest and lien revenue - accrual basis change	(907,191)
Sewer user fees and assessment receivable - accrual basis change	(159,795)
Sewer user fees and assessment interest receivable - accrual basis change	(93,724)
Deferred outflows related to changes in pension actuarial experience	1,072,701
Deferred outflows related to pension changes in projected investment earnings	(1,235,957)
Deferred outflows related to OPEB changes in projected investment earnings	102,122
Deferred outflows related to pension changes in actuarial assumptions	(1,725,933)
Deferred outflows related to OPEB changes in actuarial assumptions	191,619

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	4,075,000
Note payments	1,387,966
Issuance of bonds and notes	(11,500,000)
Issuance of refunding bonds	(4,125,000)
Premium on bonds	(394,300)
Capital lease payments	790,679
Issuance of capital lease	(881,013)
Payments to escrow agent	5,567,886
Premium on bonds refunded	(130,083)
Deferred charge on refunding	(157,886)

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	(171,614)
Accrued interest	(38,327)
Amortization of deferred charge on refunding	59,912
Amortization of bond premiums	219,078
Net pension liability	5,120,986
Deferred inflows related to pension changes in actuarial experience	683,615
Deferred inflows related to OPEB changes in actuarial experience	(2,320,884)
Deferred inflows related to changes in pension actuarial assumptions	(3,976,284)
Net OPEB liability	2,288,290

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.

701,736

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>11,903,115</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2018

	Governmental Activities Internal Service Fund
Current Assets:	
Cash and cash equivalents	\$ 4,413,673
Due from other funds	28,892
Accounts receivable	<u>131,023</u>
Total assets	4,573,588
Current Liabilities:	
Accounts and other payables	<u>1,053,000</u>
Net Position:	
Unrestricted	\$ <u><u>3,520,588</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, 2018**

	Governmental Activities Internal Service Fund
Operating Revenues:	
Charges for services	\$ 14,813,019
Operating Expenses:	
Employee benefits	<u>14,724,463</u>
Operating Income	88,556
Nonoperating Revenue:	
Income on investments	<u>12,715</u>
Income Before Transfers	101,271
Transfer In	<u>600,465</u>
Change in Net Position	701,736
Net Position at Beginning of Year	<u>2,818,852</u>
Net Position at End of Year	\$ <u><u>3,520,588</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, 2018

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from premiums - Town departments and agencies	\$ 14,813,019
Claims paid	<u>(14,307,815)</u>
Net cash provided by (used in) operating activities	505,204
Cash Flows from Noncapital Financing Activities:	
Contributions from other funds	600,465
Cash Flows from Investing Activities:	
Income from investments	<u>12,715</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,118,384
Cash and Cash Equivalents at Beginning of Year	<u>3,295,289</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 4,413,673</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in)	
Operating Activities:	
Operating income (loss)	\$ <u>88,556</u>
Adjustments to reconcile operating income (loss) to net cash provided by	
(used in) operating activities:	
(Increase) decrease in accounts receivable	568,540
(Increase) decrease interfund receivable	(28,892)
Increase (decrease) in accounts and other payables	<u>(123,000)</u>
Total adjustments	<u>416,648</u>
Net Cash Provided by (Used In) Operating Activities	<u><u>\$ 505,204</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, 2018

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 2,809,542	\$ 1,112,333
Investments:		
Mutual funds	<u>42,591,116</u>	
Total assets	<u>45,400,658</u>	<u>\$ 1,112,333</u>
Liabilities:		
Accounts payable		\$ 38,210
Due to other groups		<u>1,074,123</u>
Total liabilities	<u>-</u>	<u>\$ 1,112,333</u>
Net Position:		
Restricted for Pension Benefits and Other Purposes	<u>\$ 45,400,658</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, 2018

	Pension and Other Employee Benefit Trust Funds
	<hr/>
Additions:	
Contributions:	
Employer	\$ 3,475,236
Plan members	547,886
Total contributions	<hr/> 4,023,122
Investment earnings:	
Net change in fair value of investments	<hr/> 3,377,060
Total additions	<hr/> 7,400,182
Deductions:	
Benefits	3,447,221
Administration	167,325
Total deductions	<hr/> 3,614,546
Change in Net Position	3,785,636
Net Position at Beginning of Year	<hr/> 41,615,022
Net Position at End of Year	<hr/> <hr/> \$ 45,400,658

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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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, 2018

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.

Agency funds use the accrual basis of accounting but have no measurement focus since they report only assets and liabilities.

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.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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.

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-ed 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, 2018

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 acquisition cost 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 and OPEB 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 and OPEB 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 and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). No Deferred outflows of resources affect the governmental fund financial statements in the current year.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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 and OPEB 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 and OPEB results from changes in assumptions. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension 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. Net OPEB Liability

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

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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.

**TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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

M. Fund Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

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.

N. 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.

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, Sewer Operating and Recreation 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.

**TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

B. Fund Deficits

The High School Athletic Association had a deficit fund balance of \$9,160 at June 30, 2018. This deficit will be funded with future contributions from the General Fund.

C. Expenditures Exceed Appropriations

The following expenditure line items exceed their final appropriations within the General Fund budget:

<u>Department</u>	<u>Amount</u>
Juvenile firesetter commision	\$ 981
Mini-bus service	1,622
Library	1,930
Interest	169,587
Transfer Out	285,604

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.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$23,281,436 of the Town's bank balance of \$24,031,436 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 20,878,292
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>2,403,144</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 23,281,436</u>

Cash Equivalents

At June 30, 2018, the Town's cash equivalents amounted to \$12,090,231. 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, 2018 in all funds are as follows:

Investment Type	Fair Value
Mutual funds	\$ 42,708,748

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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.

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, 2018, 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 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, 2018:

	June 30, 2018	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Mutual funds	\$ <u>42,708,749</u>	\$ <u>41,217,201</u>	\$ <u>1,491,548</u>	\$ <u>-</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. 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.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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:

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 1,194,357	\$	\$ 94,770	\$	\$ 1,289,127
Taxes	3,044,437				3,044,437
Accounts	319,404		327,471	165,219	812,094
Intergovernmental	25,835	2,976,042		134,805	3,136,682
Special assessments			5,167		5,167
Gross receivables	<u>4,584,033</u>	<u>2,976,042</u>	<u>427,408</u>	<u>300,024</u>	<u>8,287,507</u>
Less allowance for uncollectibles:					
Taxes	<u>(700,220)</u>				<u>(700,220)</u>
Net Total Receivables	<u>\$ 3,883,813</u>	<u>\$ 2,976,042</u>	<u>\$ 427,408</u>	<u>\$ 300,024</u>	<u>\$ 7,587,287</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases and Adjustments</u>	<u>Decreases and Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,892,095	\$ 629,952	\$	\$ 18,522,047
Construction in progress	<u>41,360,915</u>	<u>12,002,236</u>	<u>(1,158,449)</u>	<u>52,204,702</u>
Total capital assets not being depreciated	<u>59,253,010</u>	<u>12,632,188</u>	<u>(1,158,449)</u>	<u>70,726,749</u>
Capital assets being depreciated:				
Buildings	128,001,896	2,931,995		130,933,891
Improvements other than buildings	27,371,427	161,903	(153,119)	27,380,211
Furniture and equipment	20,979,854	1,675,624	(563,213)	22,092,265
Infrastructure	<u>139,451,562</u>			<u>139,451,562</u>
Total capital assets being depreciated	<u>315,804,739</u>	<u>4,769,522</u>	<u>(716,332)</u>	<u>319,857,929</u>
Less accumulated depreciation for:				
Buildings	(65,828,802)	(1,750,585)		(67,579,387)
Improvements other than buildings	(9,869,974)	(935,601)	14,461	(10,791,114)
Furniture and equipment	(14,914,238)	(838,630)	143,262	(15,609,606)
Infrastructure	<u>(62,980,210)</u>	<u>(1,294,012)</u>		<u>(64,274,222)</u>
Total accumulated depreciation	<u>(153,593,224)</u>	<u>(4,818,828)</u>	<u>157,723</u>	<u>(158,254,329)</u>
Total capital assets being depreciated, net	<u>162,211,515</u>	<u>(49,306)</u>	<u>(558,609)</u>	<u>161,603,600</u>
Governmental Activities Capital Assets, Net	<u>\$ 221,464,525</u>	<u>\$ 12,582,882</u>	<u>\$ (1,717,058)</u>	<u>\$ 232,330,349</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 54,396
Public Safety	576,280
Public Works	1,728,519
Culture and recreation	420,957
Human Services	14,202
Education	<u>2,024,474</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>4,818,828</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2018. At year end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Road Improvement Projects	\$ 37,983,969	\$ 10,860,513

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

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, 2018 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 334,529
Internal Service Fund	Sewer Operating Fund	309,900
Sewer Fund	General Fund	28,892
Capital Projects Funds	General Fund	1,495,107
Nonmajor Governmental Funds	General Fund	2,882,537
	General Fund	<u>2,258,428</u>
Total		\$ <u><u>7,309,393</u></u>

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

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Interfund transfers:

	Transfers In				Total
	General Fund	Capital Projects	Sewer Operating	Internal Service	Transfers Out
Transfers out:					
General Fund	\$	\$ 1,497,154	\$	\$ 600,465	\$ 2,097,619
Sewer Operating	37,240	1,358,525			1,395,765
Nonmajor Governmental	17,243	700,000	46,591		763,834
Total Transfers In	\$ <u>54,483</u>	\$ <u>3,555,679</u>	\$ <u>46,591</u>	\$ <u>600,465</u>	\$ <u>4,257,218</u>

Transfers are for regularly reoccurring operational transactions.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

A schedule of long-term liabilities outstanding at June 30, 2018 is presented below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Bonds and notes payable \$	67,925,093	\$ 15,625,000	\$ (10,872,966)	\$ 72,677,127	\$ 5,210,981
Premiums	<u>2,245,122</u>	<u>524,383</u>	<u>(219,078)</u>	<u>2,550,427</u>	
	70,170,215	16,149,383	(11,092,044)	75,227,554	5,210,981
Capital leases	3,734,926	881,013	(790,679)	3,825,260	850,782
Compensated absences	8,434,538	185,590	(13,976)	8,606,152	1,827,605
Net OPEB liability	9,152,819		(2,288,290)	6,864,529	
Net pension liability	<u>21,597,695</u>		<u>(5,120,986)</u>	<u>16,476,709</u>	
Total Governmental Activities Long-Term Liabilities	\$ <u>113,090,193</u>	\$ <u>17,215,986</u>	\$ <u>(19,305,975)</u>	\$ <u>111,000,204</u>	\$ <u>7,889,368</u>

For the governmental activities, compensated absences and net pension liabilities are generally liquidated by the General Fund.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Bonds and notes payable at June 30, 2018 comprise the following:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2018
General Purpose:					
Refunding bond	3/13/2012	8/1/2025	2.0-4.0%	\$ 15,185,000	\$ 12,380,000
Improvement bond	2/15/2012	2/15/2022	1.0-2.0%	2,000,000	800,000
Improvement bond	2/19/2014	2/15/2034	2.0-5.0%	2,100,000	100,000
Refunding bond	6/4/2014	8/15/2022	2.0-5.0%	4,222,000	130,000
Improvement bond	2/18/2015	2/15/2035	1.75-4.0%	1,900,000	1,800,000
Improvement bond	2/17/2016	2/15/2036	2.0-5.0%	3,000,000	2,840,000
Improvement bond	2/15/2017	2/15/2033	2.0-5.0%	4,000,000	3,635,000
Improvement bond	2/16/2018	2/15/2038	3.0-5.0%	4,000,000	4,000,000
Refunding bond	8/15/2017	8/15/2033	2.0-4.0%	1,862,000	1,862,000
Schools:					
Improvement bond	2/19/2014	2/15/2034	2.0-5.0%	2,470,000	2,230,000
Refunding bond	6/4/2014	8/15/2022	2.0-5.0%	2,393,000	50,000
Improvement bond	2/18/2015	2/15/2035	1.75-4.0%	3,260,000	3,060,000
Improvement bond	2/17/2016	2/15/2036	2.0-5.0%	1,300,000	1,235,000
Improvement bond	2/15/2017	2/15/2033	3.0-5.0%	7,860,000	7,000,000
Improvement bond	2/16/2018	2/15/2038	3.0-5.0%	7,500,000	7,500,000
Refunding bond	8/15/2017	8/15/2033	2.0-4.0%	702,000	702,000
Sewer:					
Clean Water Note Vernon	1/1/2002	7/1/2021	2%	800,000	140,200
Clean Water Note Pleasant	11/30/2005	5/31/2025	2%	402,727	156,333
Clean Water Note Submersible pump station	12/28/2006	7/1/2026	2%	1,568,029	703,318
Clean Water Note	10/31/2012	12/30/2032	2%	27,516,583	20,697,276
Improvement bond	2/19/2014	2/15/2034	2.0-5.0%	1,750,000	95,000
Refunding bond	8/15/2017	8/15/2033	2.0-4.0%	1,561,000	1,561,000
Total					\$ 72,677,127

The following is a schedule of future debt service requirements as of June 30, 2018:

Fiscal Year Ending	Principal Payments	Interest Payments	Total Debt Service
2019	\$ 5,210,981	\$ 2,519,326	\$ 7,730,307
2020	5,289,562	2,319,825	7,609,387
2021	5,578,719	2,103,503	7,682,222
2022	5,435,440	1,868,342	7,303,782
2023	5,179,358	1,641,865	6,821,223
2024-2028	23,202,413	5,721,806	28,924,219
2029-2033	18,340,654	2,233,181	20,573,835
2034-2038	4,440,000	358,913	4,798,913
	<u>\$ 72,677,127</u>	<u>\$ 18,766,761</u>	<u>\$ 91,443,888</u>

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

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The Town issued \$11,500,000 of general obligation bonds on February 16, 2018 for various capital improvement projects. The bonds bear interest of 3.0%-5.0% and mature on February 15, 2038.

On August 15, 2017, the Town issued \$4,125,000 in General Obligation Refunding Bonds with interest rates between 2.00% and 4.00% and a final maturity of August 15, 2033. The bonds were issued to advance refund the 2014 General Obligation Bonds of \$5,410,000. The net proceeds of \$5,675,892 (which included a payment made by the Town of South Windsor of \$1,420,809 and after an original premium of \$130,083 and payment of \$108,205 in underwriter's fees and other issuance costs) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by, the United State of America to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net assets. The transaction generated a cash flow savings of \$1,661,803 and a present value savings of \$242,250. The escrow balance at June 30, 2018 was \$5,484,023.

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:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 214,942,622	\$ 27,549,583	\$ 187,393,039
Schools	429,885,243	23,779,778	406,105,465
Sewers	358,237,703	35,076,539	323,161,164
Urban renewal	310,472,676		310,472,676
Pension deficit	286,590,162		286,590,162

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$668,710,378.

Authorized and unissued debt is as follows:

<u>Project</u>	<u>Authorized</u>	<u>Bonds/BANS</u>		<u>Authorized But Unissued</u>
		<u>Issued</u>	<u>Grants</u>	
Water Pollution Control Facility Project	\$ 47,000,000	\$ 27,516,583	\$ 7,760,005	\$ 11,723,412
Orchard Hill Elementary School Project	33,521,724	20,000,000	11,825,341	1,696,383
2014 - Road / Drainage Improvements	12,000,000	11,350,000	647,417	2,583
Total	\$ <u>92,521,724</u>	\$ <u>58,866,583</u>	\$ <u>20,232,763</u>	\$ <u>13,422,378</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
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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	\$ 9,497,776
Accumulated depreciation	<u>(1,801,497)</u>
Net Leased Equipment	<u>\$ 7,696,279</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, 2018:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2019	\$ 988,406
2020	861,578
2021	854,383
2022	375,058
2023	375,058
2024-2028	831,613
Less amount representing interest	<u>(460,836)</u>
Present Value of Minimum Lease Payments	<u>\$ 3,825,260</u>

Bond Anticipation Notes

The Town issued bond anticipation notes on February 15, 2018 maturing on February 14, 2019 for \$4,850,000. The current interest rate on the notes is 2.50% 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, 2018:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
Road and Drainage Improvements	2/16/2017	2/15/2018	2.00%	\$ 4,000,000	\$	\$ (4,000,000)	\$ -
Orchard Hill Elementary Project	2/16/2017	2/15/2018	2.00%	12,000,000		(12,000,000)	-
2014 - Road/Drainage Improvement	2/15/2018	2/14/2019	2.50%		4,500,000		4,500,000
Orchard Hill Elementary Project	2/15/2018	2/15/2019	2.50%		350,000		350,000
Total				<u>\$ 16,000,000</u>	<u>\$ 4,850,000</u>	<u>\$ (16,000,000)</u>	<u>\$ 4,850,000</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
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8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2018 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	\$	\$	\$	\$ 21,750	\$ 21,750
Prepaid items	9,307			9,304	18,611
Restricted for:					
Education				399,813	399,813
Public safety				97,261	97,261
Public works				493,301	493,301
Health and welfare				493,248	493,248
Committed to:					
General government				231,749	231,749
Public safety				101,461	101,461
WPCA capital improvements					
Public works			947,790		947,790
Culture and recreation				817,446	817,446
Education				635,089	635,089
Capital Projects		266,533			266,533
Tax Stabilization Program	1,500,000				1,500,000
Assigned to:					
Subsequent year's budget	700,000				700,000
General government	17,240				17,240
Public safety	6,444				6,444
Public works	211,635				211,635
Health and welfare	29,413				29,413
Culture and recreation	11,970				11,970
Education	316,629				316,629
Unassigned	11,247,314			(9,160)	11,238,154
Total Fund Balances	\$ 14,049,952	\$ 266,533	\$ 947,790	\$ 3,291,262	\$ 18,555,537

Significant encumbrances of \$593,331, \$56,726 and \$32,605 are included in the General Fund, Sewer Operating Fund and Recreation Fund, respectively, at June 30, 2018.

9. 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.

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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, 2017, the plans' membership consisted of:

	Town Plan	Board of Education Plan
Retirees and beneficiaries currently receiving benefits	81	65
Terminated members entitled to benefits but not yet receiving them	18	21
Current active members	80	73
Total	<u>179</u>	<u>159</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 1 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.

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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.

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, 2018:

Asset Class	Targeted Allocation
U.S. Core Fixed Income	21.50%
U.S. Bank & Leveraged Loans	5.00%
Global Bonds	5.00%
U.S. Large Caps	14.00%
U.S. Small Caps	4.00%
U.S. Large Growth	10.00%
U.S. Large Value	10.00%
Non-U.S. Equity	15.00%
Global REITs	5.00%
Commodities	10.50%

Rate of Return

For the year ended June 30, 2018, 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 8.27% and 8.31%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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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, 2018, were as follows:

	<u>Town</u>	<u>Board of Education</u>
Total pension liability	\$ 43,109,556	\$ 16,385,700
Plan fiduciary net position	<u>28,680,868</u>	<u>14,337,679</u>
Net Pension Liability	<u>\$ 14,428,688</u>	<u>\$ 2,048,021</u>
Plan fiduciary net position as a percentage of the total pension liability	67%	88%

Actuarial Assumptions

The total pension liability for the Town and Board of Education plans were determined by an actuarial valuation as of July 1, 2017, 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	6.75% for the Town and Board of Education, net of pension plan investment expense, including inflation
Amortization Period	27 years, closed

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

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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, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return	
	Town	BOE
U.S. Core Fixed Income	2.51%	2.52%
U.S. Bank & Leveraged Loans	2.64%	3.23%
Global Bonds	0.75%	1.35%
U.S. Large Caps	3.37%	3.61%
U.S. Small Caps	3.86%	4.10%
U.S. Large Growth	3.76%	4.01%
U.S. Large Value	3.23%	3.47%
Non-U.S. Equity	4.35%	4.10%
Global REITs	3.71%	3.28%
Commodities	1.42%	1.41%

Discount Rate

The discount rate used to measure the total pension liability for the Town and Board of Education plans was 6.75%. 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.

The discount rate for the Town plan was adjusted as of June 30, 2018 from 7.00% to 6.75%.

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 6.75%, 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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.5%)
Town's Net Pension Liability	\$ 19,922,353	\$ 14,428,688	\$ 10,089,421
Board of Education's Net Pension Liability	4,012,468	2,048,021	625,668

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F. Changes in the Net Pension Liability

Town Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2017	\$ 44,403,410	\$ 26,252,949	\$ 18,150,461
Changes for the year:			
Service cost	516,713		516,713
Interest on total pension liability	3,073,845		3,073,845
Differences between expected and actual experience	1,521,292		1,521,292
Changes in assumptions	(4,354,897)		(4,354,897)
Employer contributions		1,956,477	(1,956,477)
Member contributions		356,918	(356,918)
Net investment income		2,256,287	(2,256,287)
Benefit payments, including refund to employee contributions	(2,050,807)	(2,050,807)	-
Administrative expenses		(90,956)	90,956
Net changes	(1,293,854)	2,427,919	(3,721,773)
Balances as of June 30, 2018	\$ 43,109,556	\$ 28,680,868	\$ 14,428,688

Amounts reported as changes in assumptions resulted from the change in the discount rate from 7.00% to 6.25%.

Board of Education Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2017	\$ 16,742,769	\$ 13,295,535	\$ 3,447,234
Changes for the year:			
Service cost	423,746		423,746
Interest on total pension liability	1,174,269		1,174,269
Differences between expected and actual experience	67,085		67,085
Changes in assumptions	(1,226,220)		(1,226,220)
Employer contributions		603,433	(603,433)
Member contributions		190,968	(190,968)
Net investment income (loss)		1,093,561	(1,093,561)
Benefit payments, including refund to employee contributions	(795,949)	(795,949)	-
Administrative expenses		(49,869)	49,869
Net changes	(357,069)	1,042,144	(1,399,213)
Balances as of June 30, 2018	\$ 16,385,700	\$ 14,337,679	\$ 2,048,021

TOWN OF SOUTH WINDSOR, CONNECTICUT
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G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the Town and Board of Education pension plans recognized pension expense of \$1,746,673 and \$874,109, respectively. At June 30, 2018, 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	\$ 1,060,294	\$ (101,289)
Changes of assumptions	105,843	(3,035,231)
Net difference between projected and actual earning on pension plan investments	<u>133,316</u>	<u> </u>
Total	<u>\$ 1,299,453</u>	<u>\$ (3,136,520)</u>

	Board of Education	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 53,286	\$ (212,606)
Changes of assumptions	237,030	(941,053)
Net difference between projected and actual earning on pension plan investments	<u>125,750</u>	<u> </u>
Total	<u>\$ 416,066</u>	<u>\$ (1,153,659)</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>
2019	\$ (431,844)	\$ 2,394
2020	(765,572)	(218,221)
2021	(556,982)	(407,982)
2022	(82,669)	(113,784)

TOWN OF SOUTH WINDSOR, CONNECTICUT
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H. Combining Financial Statements

	Town Plan	Board of Education Plan	Other Post Employment Benefit Trust Fund	Total
Assets:				
Cash and cash equivalent	\$ 236,349	\$ 191,082	\$ 2,382,111	\$ 2,809,542
Investments, at fair value:				
Mutual funds	28,444,519	14,146,597		42,591,116
Total Assets	<u>\$ 28,680,868</u>	<u>\$ 14,337,679</u>	<u>\$ 2,382,111</u>	<u>\$ 45,400,658</u>
Net Position Restricted for Pension Benefits	<u>\$ 28,680,868</u>	<u>\$ 14,337,679</u>	<u>\$ 2,382,111</u>	<u>\$ 45,400,658</u>
	Town Plan	Board of Education Plan	Other Post Employment Benefit Trust Fund	Total
Additions:				
Contributions:				
Employer	\$ 1,956,477	\$ 603,433	\$ 915,326	\$ 3,475,236
Employee	356,918	190,968		547,886
Total contributions	2,313,395	794,401	915,326	4,023,122
Investment income:				
Net change in fair value of investments	2,256,287	1,093,561	27,212	3,377,060
Total additions	<u>4,569,682</u>	<u>1,887,962</u>	<u>942,538</u>	<u>7,400,182</u>
Deductions:				
Benefits	2,050,807	795,949	600,465	3,447,221
Administration	90,956	49,869	26,500	167,325
Total deductions	<u>2,141,763</u>	<u>845,818</u>	<u>626,965</u>	<u>3,614,546</u>
Changes in Net Position	2,427,919	1,042,144	315,573	3,785,636
Net Position at July 1, 2017	<u>26,252,949</u>	<u>13,295,535</u>	<u>2,066,538</u>	<u>41,615,022</u>
Net Position at June 30, 2018	<u>\$ 28,680,868</u>	<u>\$ 14,337,679</u>	<u>\$ 2,382,111</u>	<u>\$ 45,400,658</u>

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.

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.

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
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D. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, 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>112,326,595</u>
Total	\$ <u>112,326,595</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$12,992,906 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25 - 6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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

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

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

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%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	6.0%	0.4%
Total	<u>100.00%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT
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JUNE 30, 2018**

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.

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, 2018 for these groups was \$139,901 and represented 6.0% of covered payroll. The employees' contributions were \$161,899 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, 2018 for this group was \$400,408 and represented 12.07% of covered payroll. The employees' required contributions were \$158,656 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.

10. OTHER POSTEMPLOYMENT BENEFITS

OPEB Plan

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.

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

In the July 1, 2017, actuarial valuation, the entry age normal actuarial cost method was used. The ADC reflects a closed 30-year, level amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 6.5% investment rate of return and inflation rate of 2.70%.

Management of the post-employment benefit plan is vested with the Town Manager and the Finance Office. General oversight is provided by the Pension Committee, which consist of nine members.

At July 1, 2017, plan membership consisted of the following:

Active members	769
Retired members	37
Beneficiaries	4
Spouses of retired members	<u>10</u>
Total Participants	<u><u>820</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:

**TOWN OF SOUTH WINDSOR, CONNECTICUT
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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.

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.

C. Investments

Investment Policy

OPEB Benefit Plan's policy in regard to the allocation of invested assets is established and may be amended by the trust document. It is the policy of the Pension Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Town'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.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 1.15%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the Town

The Town's net OPEB liability was measured at June 30, 2018. The components of the net OPEB liability of the Town at June 30, 2018, were as follows:

	<u>OPEB Plan</u>
Total OPEB Liability	\$ 9,246,640
Plan fiduciary net position	<u>2,382,111</u>
Net OPEB Liability	<u><u>\$ 6,864,529</u></u>
Plan fiduciary net position as a percentage of the total pension liability	25.76%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	3.75%, average, including inflation and graded by age for Teachers and Administrators
Investment rate of return	6.75%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.48-4.50% over 56 years
Amortization method	Level percent closed, 15 years for police, 22 years all others

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for males and females projected forward 19 years using Scale AA, with a 2-year age setback. This assumption includes a margin for mortality improvements beyond the valuation date.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2014–June 30, 2016.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2017 are summarized in the following table:

Asset Class	Targeted Allocation	Long-Term Expected Real Rate of Return
U.S. Core Fixed Income	21.50%	2.51%
U.S. Bank & Leveraged Loans	5.00%	2.64%
Global Bonds	5.00%	0.75%
U.S. Large Caps	14.00%	3.37%
U.S. Small Caps	4.00%	3.86%
U.S. Large Growth	10.00%	3.76%
U.S. Large Value	10.00%	3.23%
Non-U.S. Equity	15.00%	4.35%
Global REITs	5.00%	3.71%
Commodities	10.50%	1.42%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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E. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2017	\$ 11,219,357	\$ 2,066,538	\$ 9,152,819
Changes for the year:			
Service cost	241,568		241,568
Interest on total OPEB liability	781,604		781,604
Differences between expected and actual experience	(2,610,995)		(2,610,995)
Changes in assumptions	215,571		215,571
Employer contributions		915,326	(915,326)
Net investment income (loss)		27,212	(27,212)
Benefit payments	(600,465)	(600,465)	-
Administrative expenses		(26,500)	26,500
Net changes	<u>(1,972,717)</u>	<u>315,573</u>	<u>(2,288,290)</u>
Balances as of June 30, 2018	\$ <u>9,246,640</u>	\$ <u>2,382,111</u>	\$ <u>6,864,529</u>

The liability changes include assumption changes to the discount rate, the health care cost rate and annual salary increases.

F. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current discount rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 7,741,433	\$ 6,864,529	\$ 6,084,600

TOWN OF SOUTH WINDSOR, CONNECTICUT
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G. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.48 % decreasing to 3.50) or 1 percentage point higher (6.48% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease (4.48-3.50% Over 56 Years)	Current Trend Rate (5.48-4.50% Over 56 Years)	1% Increase (6.48-5.50% Over 56 Years)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB Liability	\$ 5,886,785	\$ 6,864,529	\$ 7,999,893

H. OPEB Expense and Deferred Outflows of Resources and Deferred inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$654,179. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$	\$ (2,320,884)
Changes of assumptions or other inputs	191,619	
Net difference between projected and actual earnings	<u>102,122</u>	<u> </u>
Total	\$ <u>293,741</u>	\$ <u>(2,320,884)</u>

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

<u>Year Ending June 30</u>	
2019	\$ (240,628)
2020	(240,628)
2021	(240,628)
2022	(240,630)
2023	(266,159)
Thereafter	(798,470)

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Teachers Retirement Plan

A. Plan Description

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

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

B. Benefit Provisions

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

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

Survivor Health Care Coverage

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

C. Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of credited service

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

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

Employer (School Districts)

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

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

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>28,911,595</u>
Total	\$ <u><u>28,911,595</u></u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$1,339,909 in Exhibit II for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

**TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

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

I. Other Information

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

11. 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 \$200,000.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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:				
2016-2017	1,189,307	16,001,701	16,015,008	1,176,000
2017-2018	1,176,000	14,722,219	14,845,219	1,053,000

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.

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 the 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.

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.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018


13. TAX ABATEMENTS

The Town has entered into multiple tax abatement agreements with developers and real property owners in order to assist in the economic development of the Town. The Town has agreed to provide a reduction to the real property assessments for a period of time to offset the cost of developing the area pursuant to Chapter 203 of the Connecticut General Statutes. The Town reduced its property tax revenue by \$1,251,389 for the year ended June 30, 2018.

14. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Governmental Activities:	
Net position at June 30, 2017, as previously reported	\$ 140,149,314
Adjustments:	
Eliminate net OPEB asset reported per GASB No. 45	(45,077)
Record net OPEB liability per GASB No. 75	<u>(9,152,819)</u>
Net Position at July 1, 2017, as Restated	\$ <u><u>130,951,418</u></u>



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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Property Taxes:				
Current taxes	\$ 96,284,070	\$ 96,284,070	\$ 97,249,399	\$ 965,329
Delinquent taxes	700,000	700,000	1,009,312	309,312
Supplemental motor vehicles	800,000	800,000	1,105,338	305,338
Interest	450,000	450,000	537,396	87,396
Liens	5,000	5,000	7,928	2,928
Housing authority - PILOT (in lieu of taxes)	20,000	20,000	27,612	7,612
Telephone access relief	40,000	40,000	44,374	4,374
Total property taxes	<u>98,299,070</u>	<u>98,299,070</u>	<u>99,981,359</u>	<u>1,682,289</u>
Intergovernmental:				
State assistance - education:				
Education equalization	7,810,404	7,810,404	10,497,883	2,687,479
Other assistance:				
Property tax relief	8,100	8,100	71	(8,029)
Elderly tax freeze	3,600	3,600	3,947	347
State in lieu of taxes	55,258	55,258	54,351	(907)
DOT Elderly Transportation	33,444	33,444	41,805	8,361
Elderly tax relief	150,000	150,000		(150,000)
State sundry grants			35,400	35,400
Youth service grants	20,000	20,000	20,160	160
Manufacturer's equipment and machinery	804,258	804,258		(804,258)
Municipal stabilization			132,503	132,503
Municipal grants-in-aid	830,111	830,111	1,338,190	508,079
Veterans' exemption	15,000	15,000	18,034	3,034
Total intergovernmental	<u>9,730,175</u>	<u>9,730,175</u>	<u>12,142,344</u>	<u>2,412,169</u>
Charges for Services:				
Building permits	650,000	650,000	1,272,717	622,717
Probate court rentals	8,000	8,000	7,297	(703)
Town Clerk fees	525,000	525,000	639,460	114,460
Planning and zoning fees	16,000	16,000	56,120	40,120
General government sundry	120,000	120,000	356,973	236,973
Police	26,000	26,000	24,112	(1,888)
Recycling rebate			45,423	45,423
Health permits			22,837	22,837
Engineering permits	5,000	5,000	8,295	3,295
Zoning board of appeals	1,000	1,000	1,300	300
Refuse and recycling	125,000	125,000	60,367	(64,633)
Fire Marshal fees	75,000	75,000	215,987	140,987
Total charges for services	<u>1,551,000</u>	<u>1,551,000</u>	<u>2,710,888</u>	<u>1,159,888</u>
Investment Earnings	<u>175,000</u>	<u>175,000</u>	<u>441,324</u>	<u>266,324</u>
Total Revenues	<u>109,755,245</u>	<u>109,755,245</u>	<u>115,275,915</u>	<u>5,520,670</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<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	\$ -
Health insurance fund	2,000,000	2,000,000		(2,000,000)
Library funds	20,000	20,000	17,243	(2,757)
CNR Fund	350,000	350,000		(350,000)
Fund balance appropriation	1,000,000	1,000,000		(1,000,000)
Total other financing sources	<u>3,407,240</u>	<u>3,407,240</u>	<u>54,483</u>	<u>(3,352,757)</u>
Total Revenues and Other Financing Sources	<u>\$ 113,162,485</u>	<u>\$ 113,162,485</u>	115,330,398	<u>\$ 2,167,913</u>
Budgetary revenues are different from GAAP revenues because:				
Premiums on bond issuance not budgeted			394,300	
Open Choice Revenue netted for budgetary purposes			67,500	
State on-behalf payments - OPEB			1,339,909	
State on-behalf payments - Pension			<u>12,992,906</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>\$ 130,125,013</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
General Government:				
Legislative:				
Town Council	\$ 225,661	\$ 225,661	\$ 214,677	\$ 10,984
Boards and Commissions:				
Human relations commission	2,500	2,500		2,500
Historic district commission	1,000	1,000	751	249
Public building commission	520	1,989	1,989	-
South Windsor redevelopment	1,000	350	50	300
Inland/wetlands - conservation	7,025	7,025	5,795	1,230
Land preservation advisory	300	300		300
Open space task force	500	500	471	29
Juvenile firesetter commission			981	(981)
Park and recreation commission	4,500	4,500	3,853	647
Planning and zoning	1,500	9,040	9,039	1
Zoning board of appeals	8,150	8,150	3,732	4,418
Economic Development	2,500	2,500		2,500
Economic development coordinator	3,000	3,000	2,202	798
Total boards and commissions	<u>32,495</u>	<u>40,854</u>	<u>28,863</u>	<u>11,991</u>
Judicial:				
Probate court	<u>20,070</u>	<u>20,070</u>	<u>17,059</u>	<u>3,011</u>
Elections:				
Registrar of voters	<u>157,469</u>	<u>157,469</u>	<u>126,107</u>	<u>31,362</u>
Executive:				
Town manager	243,414	235,300	235,300	-
Human resources	149,569	159,087	159,087	-
Total executive	<u>392,983</u>	<u>394,387</u>	<u>394,387</u>	<u>-</u>
Community Development:				
Planning department	265,252	265,902	263,441	2,461
Building department	271,737	271,737	218,947	52,790
Total community development	<u>536,989</u>	<u>537,639</u>	<u>482,388</u>	<u>55,251</u>
Finance:				
Assessor	395,126	395,126	352,322	42,804
Collector of revenue	235,911	235,911	175,632	60,279
Finance office	347,956	347,956	344,558	3,398
Total finance	<u>978,993</u>	<u>978,993</u>	<u>872,512</u>	<u>106,481</u>
Recording and Reporting:				
Town clerk	<u>230,334</u>	<u>252,990</u>	<u>252,990</u>	<u>-</u>
Law:				
Town attorney	<u>150,000</u>	<u>150,000</u>	<u>126,262</u>	<u>23,738</u>
Central Services:				
Town Hall	283,232	283,232	258,408	24,824
Information technology	919,430	886,361	844,815	41,546
Media	38,970	38,970	21,669	17,301
Total central services	<u>1,241,632</u>	<u>1,208,563</u>	<u>1,124,892</u>	<u>83,671</u>
Total general government	<u>3,966,626</u>	<u>3,966,626</u>	<u>3,640,137</u>	<u>326,489</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, 2018

	<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	\$ 571,326	\$ 580,984	\$ 580,984	\$ -
Operations	3,818,887	3,818,887	3,810,133	8,754
Support services	1,883,137	1,811,445	1,808,809	2,636
Community services	171,418	171,418	167,968	3,450
Total police protection	<u>6,444,768</u>	<u>6,382,734</u>	<u>6,367,894</u>	<u>14,840</u>
Fire Protection:				
Fire marshal	207,247	230,205	228,936	1,269
Volunteer fire department	935,344	935,344	935,344	-
Hydrants and water lines	895,780	872,822	869,802	3,020
Total fire protection	<u>2,038,371</u>	<u>2,038,371</u>	<u>2,034,082</u>	<u>4,289</u>
Emergency management	<u>108,571</u>	<u>107,271</u>	<u>103,007</u>	<u>4,264</u>
Other protection:				
Street lights	<u>452,500</u>	<u>515,834</u>	<u>515,834</u>	<u>-</u>
Total public safety	<u>9,044,210</u>	<u>9,044,210</u>	<u>9,020,817</u>	<u>23,393</u>
Public Works:				
Administration:				
Management	<u>149,917</u>	<u>149,958</u>	<u>149,958</u>	<u>-</u>
Engineering:				
Technical support	<u>451,758</u>	<u>451,758</u>	<u>450,427</u>	<u>1,331</u>
Street Services:				
Highway maintenance	2,848,660	2,848,660	2,684,195	164,465
Fleet services	950,987	950,987	941,195	9,792
Total street services	<u>3,799,647</u>	<u>3,799,647</u>	<u>3,625,390</u>	<u>174,257</u>
Public Buildings:				
Building maintenance	<u>1,818,899</u>	<u>1,791,637</u>	<u>1,738,746</u>	<u>52,891</u>
Pollution Control:				
Refuse and recycling	<u>1,977,700</u>	<u>2,004,921</u>	<u>2,004,921</u>	<u>-</u>
Total public works	<u>8,197,921</u>	<u>8,197,921</u>	<u>7,969,442</u>	<u>228,479</u>
Human Services:				
Conservation of Health:				
Environmental health	169,626	169,626	153,765	15,861
Visiting nurse community care	14,696	14,696	6,894	7,802
Total conservation of health	<u>184,322</u>	<u>184,322</u>	<u>160,659</u>	<u>23,663</u>
Human service programs:				
Administration	92,272	92,272	84,449	7,823
Youth and family services	291,509	290,593	280,223	10,370
Adult and senior services	410,969	410,969	397,979	12,990
Mini-bus service	88,670	106,283	107,905	(1,622)
Sheltered workshops	2,697	-	-	-
Total human services programs	<u>886,117</u>	<u>900,117</u>	<u>870,556</u>	<u>29,561</u>
Total human services	<u>1,070,439</u>	<u>1,084,439</u>	<u>1,031,215</u>	<u>53,224</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, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget (Over) Under
Culture and Recreation:				
Recreation administration	\$ 1,676,321	\$ 1,676,321	\$ 1,548,102	\$ 128,219
Library	1,063,027	1,063,027	1,064,957	(1,930)
Total culture and recreation	<u>2,739,348</u>	<u>2,739,348</u>	<u>2,613,059</u>	<u>126,289</u>
Education	<u>71,207,917</u>	<u>71,207,917</u>	<u>71,207,917</u>	<u>-</u>
Insurance and Benefits:				
Municipal insurance:				
Insurance - casualty	<u>272,067</u>	<u>272,067</u>	<u>262,324</u>	<u>9,743</u>
Pension Contributions:				
Pension	2,413,411	2,452,124	2,452,124	-
Social security	1,065,335	1,026,622	1,012,339	14,283
Total pension contributions	<u>3,478,746</u>	<u>3,478,746</u>	<u>3,464,463</u>	<u>14,283</u>
Health and life insurance	<u>2,804,870</u>	<u>2,804,870</u>	<u>2,523,962</u>	<u>280,908</u>
Workers' compensation	<u>405,571</u>	<u>405,571</u>	<u>378,410</u>	<u>27,161</u>
Unemployment compensation	<u>15,000</u>	<u>24,888</u>	<u>24,888</u>	<u>-</u>
Salary Contingency	<u>25,250</u>	<u>15,362</u>	<u>1,900</u>	<u>13,462</u>
Total insurance and benefits	<u>7,001,504</u>	<u>7,001,504</u>	<u>6,655,947</u>	<u>345,557</u>
Other:				
Contingency	115,000	92,000	8,330	83,670
South Windsor patriotic commission	13,500	13,500	12,415	1,085
Cemeteries	8,000	12,000	12,000	-
Wood Memorial Library	7,500	12,500	12,500	-
Total other	<u>144,000</u>	<u>130,000</u>	<u>45,245</u>	<u>84,755</u>
Debt Service:				
Principal	5,088,061	5,088,061	5,062,972	25,089
Interest	2,890,444	2,890,444	3,060,031	(169,587)
Total debt service	<u>7,978,505</u>	<u>7,978,505</u>	<u>8,123,003</u>	<u>(144,498)</u>
Total expenditures	<u>111,350,470</u>	<u>111,350,470</u>	<u>110,306,782</u>	<u>1,043,688</u>
Other Financing Uses:				
Transfer out	<u>1,812,015</u>	<u>1,812,015</u>	<u>2,097,619</u>	<u>(285,604)</u>
Total	<u>\$ 113,162,485</u>	<u>\$ 113,162,485</u>	<u>112,404,401</u>	<u>\$ 758,084</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
 Accrued payroll not budgeted
 State on-behalf payments - OPEB
 State on-behalf payments - Pension
 Open Choice Program grant netted with expenditures
 Net bond issuance costs are not budgeted for

69,798
 52,177
 1,339,909
 12,992,906
 67,500
240,176

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

\$ 127,166,867

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Charges for services	\$ 4,575,855	\$ 4,575,855	\$ 4,956,843	\$ 380,988
Intergovernmental revenue	27,450	27,450		(27,450)
Investment income	100	100	464	364
Miscellaneous	184,000	184,000	230,582	46,582
Total revenues	<u>4,787,405</u>	<u>4,787,405</u>	<u>5,187,889</u>	<u>400,484</u>
Expenditures:				
Full time salaries	963,940	975,927	973,789	2,138
Overtime	51,969	76,369	112,418	(36,049)
Longevity		700	700	-
Employee benefits	572,606	524,107	523,807	300
Office supplies	1,600	1,734	1,734	-
Operating material	84,000	81,534	81,534	-
Motor vehicle supplies	24,620	11,812	11,812	-
Uniforms and clothing	15,750	7,810	7,810	-
Fleet and equipment repair	65,000	63,490	63,490	-
Professional	155,999	171,320	171,320	-
Rental and leases	26,020	22,821	22,821	-
Utilities	491,450	491,450	569,561	(78,111)
Maintenance contracts	464,855	467,553	467,553	-
Repair and maintenance equipment	19,000	44,772	44,772	-
Fees and memberships	1,520	101	101	-
Recruitment and training	25,300	13,980	13,980	-
Other purchase services	296,500	331,310	331,310	-
Capital projects	43,000	41,879	41,879	-
Department equipment	50,000	46,967	46,967	-
Boards and Commissions - Office supplies	50	155	155	-
Boards and Commissions - Advertising	850	1,275	1,029	246
Debt service	297,712	274,675	274,675	-
Total expenditures	<u>3,651,741</u>	<u>3,651,741</u>	<u>3,763,217</u>	<u>(111,476)</u>
Excess of Revenues over Expenditures	1,135,664	1,135,664	1,424,672	289,008
Other Financing Sources and Uses:				
Transfers in	28,350	28,350	46,591	18,241
Transfers out	(1,219,865)	(1,219,865)	(1,395,765)	(175,900)
Utilization of fund balance	106,531	106,531		(106,531)
Net Change in Fund Balance	<u>\$ 50,680</u>	<u>\$ 50,680</u>	75,498	<u>\$ 24,818</u>
Fund Balance at July 1, 2017			837,316	
Fund Balance at June 30, 2018			<u>\$ 912,814</u>	

Reconciliation to GAAP Basis

	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis - June 30, 2018	\$ 5,187,889	\$ 3,763,217
Accrued payroll not budgeted		2,128
Encumbrances outstanding at June 30, 2016 liquidated and cancelled during the year ended June 30, 2018		21,122
Encumbrances charged to budgetary expenditures during the year ended June 30, 2018		<u>(56,726)</u>
Balance, GAAP Basis - June 30, 2018	<u>\$ 5,187,889</u>	<u>\$ 3,729,741</u>

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:					
Service cost	\$ 344,193	\$ 597,904	\$ 566,952	\$ 532,281	\$ 516,713
Interest	2,494,478	2,658,282	2,931,266	3,052,104	3,073,845
Differences between expected and actual experience		1,272,460	234,828	(996,542)	1,521,292
Changes of assumptions	3,396,197	(1,861,513)	3,242,915	1,164,263	(4,354,897)
Benefit payments, including refunds of member contributions	(1,680,365)	(1,591,710)	(1,796,252)	(1,797,376)	(2,050,807)
Administrative expense	(75,832)				
Net change in total pension liability	4,478,671	1,075,423	5,179,709	1,954,730	(1,293,854)
Total pension liability - beginning	31,714,877	36,193,548	37,268,971	42,448,680	44,403,410
Total pension liability - ending	36,193,548	37,268,971	42,448,680	44,403,410	43,109,556
Plan fiduciary net position:					
Contributions - employer	1,867,793	1,727,470	1,727,470	1,820,733	1,956,477
Contributions - member	257,692	382,108	345,568	397,315	356,918
Net investment income (loss)	3,279,002	70,803	(276,685)	2,772,961	2,256,287
Benefit payments, including refunds of member contributions	(1,680,365)	(1,591,710)	(1,796,252)	(1,797,376)	(2,050,807)
Administrative expense	(75,832)	(40,061)	(72,564)	(71,177)	(90,956)
Net change in plan fiduciary net position	3,648,290	548,610	(72,463)	3,122,456	2,427,919
Plan fiduciary net position - beginning	18,906,056	22,654,346	23,202,956	23,130,493	26,252,949
Plan fiduciary net position - ending	22,554,346	23,202,956	23,130,493	26,252,949	28,680,868
Net Pension Liability - Ending	<u>\$ 13,639,202</u>	<u>\$ 14,066,015</u>	<u>\$ 19,318,187</u>	<u>\$ 18,150,461</u>	<u>\$ 14,428,688</u>
Plan fiduciary net position as a percentage of the total pension liability	62.32%	62.26%	54.49%	59.12%	66.53%
Covered payroll	\$ 4,294,800	\$ 6,368,400	\$ 5,759,460	\$ 6,621,916	\$ 5,948,630
Net pension liability as a percentage of covered payroll	317.57%	220.87%	335.42%	274.10%	242.55%

Notes to Schedule

Changes of assumptions: In 2017, amounts reported as changes of assumptions resulted from the change in the discount rate from 7.25% to 7.00%. In 2018, amounts reported as changes in assumptions resulted from the change in the discount rate from 7.00% to 6.75%.

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:					
Service cost	\$ 225,029	\$ 359,500	\$ 391,848	\$ 378,717	\$ 423,746
Interest	920,994	986,463	1,108,213	1,167,003	1,174,269
Differences between expected and actual experience	543,345	460,218	28,823	(566,948)	67,085
Changes of assumptions			1,346,357	407,690	(1,226,220)
Benefit payments, including refunds of member contributions	(655,604)	(599,078)	(642,569)	(710,700)	(795,949)
Administrative expense	(43,468)				
Net change in total pension liability	990,296	1,207,103	2,232,672	675,762	(357,069)
Total pension liability - beginning	11,636,936	12,627,232	13,834,335	16,067,007	16,742,769
Total pension liability - ending	12,627,232	13,834,335	16,067,007	16,742,769	16,385,700
Plan fiduciary net position:					
Contributions - employer	922,555	268,665	535,965	549,460	603,433
Contributions - member	197,927	196,719	203,726	190,579	190,968
Net investment income (loss)	1,681,148	30,643	(126,326)	1,390,852	1,093,561
Benefit payments, including refunds of member contributions	(655,604)	(599,078)	(642,569)	(710,700)	(795,949)
Administrative expense	(43,468)	(25,907)	(42,202)	(43,369)	(49,869)
Net change in plan fiduciary net position	2,102,558	(128,958)	(71,406)	1,376,822	1,042,144
Plan fiduciary net position - beginning	10,016,519	12,119,077	11,990,119	11,918,713	13,295,535
Plan fiduciary net position - ending	12,119,077	11,990,119	11,918,713	13,295,535	14,337,679
Net Pension Liability - Ending	\$ <u>508,155</u>	\$ <u>1,844,216</u>	\$ <u>4,148,294</u>	\$ <u>3,447,234</u>	\$ <u>2,048,021</u>
Plan fiduciary net position as a percentage of the total pension liability	95.98%	86.67%	74.18%	79.41%	87.50%
Covered payroll	\$ 3,298,783	\$ 3,278,650	\$ 3,395,430	\$ 3,176,316	\$ 3,182,800
Net pension liability as a percentage of covered payroll	15.40%	56.25%	122.17%	108.53%	64.35%

Notes to Schedule

Changes of assumptions: In 2018, amounts reported as changes in assumptions resulted from the change in the discount rate from 7.00% to 6.75%.

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,220,118	\$ 1,573,634	\$ 1,500,972	\$ 1,583,496	\$ 1,697,994	\$ 1,686,734	\$ 1,727,470	\$ 1,727,470	\$ 1,820,733	\$ 1,956,477
Contributions in relation to the actuarially determined contribution	<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>	<u>1,820,733</u>	<u>1,956,477</u>
Contribution Deficiency (Excess)	<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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,962,230	\$ 5,239,328	\$ 5,427,342	\$ 5,337,789	\$ 5,352,711	\$ 4,749,846	\$ 4,716,701	\$ 4,716,701	\$ 4,540,844	\$ 4,177,838
Contributions as a percentage of covered payroll	16.65%	18.38%	23.56%	25.16%	31.72%	39.32%	36.62%	36.62%	40.10%	46.83%

Notes to Schedule

Valuation date: July 1, 2017

Measurement date: June 30, 2018

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	27 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	6.75%
Retirement age	Age 55 for Dispatchers, Age 60 for Pollution and Public Works, earlier of Age 50 or 25 years of 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 429,319	\$ 522,765	\$ 487,057	\$ 481,339	\$ 443,288	\$ 450,378	\$ 535,965	\$ 535,965	\$ 549,460	\$ 603,433
Contributions in relation to the actuarially determined contribution	<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>	<u>549,460</u>	<u>603,433</u>
Contribution Deficiency (Excess)	<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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,321,753	\$ 3,512,067	\$ 3,652,821	\$ 3,419,019	\$ 3,012,321	\$ 3,085,477	\$ 3,122,271	\$ 3,122,271	\$ 3,274,814	\$ 3,133,452
Contributions as a percentage of covered payroll	10.66%	12.32%	11.15%	22.00%	17.21%	29.90%	8.60%	17.17%	16.78%	19.26%

Notes to Schedule

Valuation date: July 1, 2017

Measurement date: June 30, 2018

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	27 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	6.75%
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 FIVE FISCAL YEARS**

	2014	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment expense:					
Town Plan	16.37%	0.30%	-1.15%	11.54%	8.27%
Board of Education Plan	16.90%	0.26%	-1.07%	11.64%	8.31%

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>84,668,946</u>	<u>91,603,357</u>	<u>118,505,418</u>	<u>112,326,595</u>
Total	<u>\$ 84,668,946</u>	<u>\$ 91,603,357</u>	<u>\$ 118,505,418</u>	<u>\$ 112,326,595</u>
Town's covered payroll	\$ 54,350,173	\$ 56,460,373	\$ 57,676,185	\$ 57,779,960
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%	55.93%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2015.
	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	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

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

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

	<u>2017</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$ 300,153	\$ 241,568
Interest	752,807	781,604
Differences between expected and actual experience		(2,610,995)
Changes of assumptions		215,571
Benefit payments, including refunds of member contributions	(566,113)	(600,465)
Net change in total pension liability	486,847	(1,972,717)
Total OPEB liability - beginning	10,732,510	11,219,357
Total OPEB liability - ending	<u>11,219,357</u>	<u>9,246,640</u>
Plan fiduciary net position:		
Contributions - employer	880,974	915,326
Net investment income	11,450	27,212
Benefit payments, including refunds of member contributions	(566,113)	(600,465)
Administrative expense	(1,125)	(26,500)
Net change in plan fiduciary net position	325,186	315,573
Plan fiduciary net position - beginning	1,741,352	2,066,538
Plan fiduciary net position - ending	<u>2,066,538</u>	<u>2,382,111</u>
Net OPEB Liability - Ending	<u>\$ 9,152,819</u>	<u>\$ 6,864,529</u>
Plan fiduciary net position as a percentage of the total OPEB liability	18.42%	25.76%
Covered payroll	\$ 53,602,318	\$ 53,602,318
Net OPEB liability as a percentage of covered payroll	17.08%	12.81%

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 631,000	\$ 665,000	\$ 700,000	\$ 700,000	\$ 864,000	\$ 864,000	\$ 1,007,276	\$ 1,007,276	\$ 880,974	\$ 880,974
Contributions in relation to the actuarially determined contribution	<u>631,000</u>	<u>671,000</u>	<u>700,000</u>	<u>658,000</u>	<u>864,000</u>	<u>927,000</u>	<u>1,007,276</u>	<u>1,025,696</u>	<u>880,974</u>	<u>915,326</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>(6,000)</u>	\$ <u>-</u>	\$ <u>42,000</u>	\$ <u>-</u>	\$ <u>(63,000)</u>	\$ <u>-</u>	\$ <u>(18,420)</u>	\$ <u>-</u>	\$ <u>(34,352)</u>
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 51,315,810	\$ 51,315,810	53,602,318	\$ 53,602,318
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	1.96%	2.00%	1.64%	1.71%

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB PLAN
LAST TWO FISCAL YEARS

	2017	2018
Annual money-weighted rate of return, net of investment expense:	0.56%	1.15%

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


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

	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>28,911,595</u>
Total	<u>\$ 28,911,595</u>
Town's covered payroll	\$ 57,779,960
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate.</p> <p>Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.</p> <p>As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

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



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, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 26,070,127	\$ 30,266,460
Property taxes receivable (net of allowance of \$700,220 in 2018 and \$878,477 in 2017)	2,344,217	2,940,991
Intergovernmental receivables	25,835	21,522
Other accounts receivable	1,513,761	2,219,355
Due from other funds	334,529	468,381
Prepaid items	<u>9,307</u>	<u>2,442</u>
Total Assets	<u>\$ 30,297,776</u>	<u>\$ 35,919,151</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,864,317	\$ 3,101,447
Due to other funds	<u>6,664,964</u>	<u>15,832,198</u>
Total liabilities	<u>10,529,281</u>	<u>18,933,645</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	3,177,529	4,860,737
Advance property tax collections	<u>2,541,014</u>	<u>1,032,963</u>
Total deferred inflows of resources	<u>5,718,543</u>	<u>5,893,700</u>
Fund balance:		
Nonspendable	9,307	2,442
Restricted		
Committed	1,500,000	
Assigned	1,293,331	1,621,867
Unassigned	<u>11,247,314</u>	<u>9,467,497</u>
Total fund balance	<u>14,049,952</u>	<u>11,091,806</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 30,297,776</u>	<u>\$ 35,919,151</u>

**TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2018**

Grand List	Uncollected Taxes July 1, 2017	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2018
		Additions	Deductions			Taxes	Interest	Total	
2016	\$ 99,520,899	\$ 160,458	\$ 357,159	\$ 3,896	\$ 99,320,302	\$ 98,275,075	\$ 258,035	\$ 98,533,110	\$ 1,045,227
2015	1,255,466	6,167	20,538	1,256	1,239,839	646,956	159,161	806,117	592,883
2014	557,418	912	1,634	487	556,209	132,262	78,291	210,553	423,947
2013	422,858	4,974	122		427,710	63,652	35,627	99,279	364,058
2012	316,904	2,970	3,163	108,428	208,283	39,718	28,987	68,705	168,565
2011	198,044	265	939	88,342	109,028	18,185	19,122	37,307	90,843
2010	146,025	45	919	70,012	75,139	4,201	4,470	8,671	70,938
2009	171,851	11	909	84,660	86,293	6	532	538	86,287
2008	146,210	59	69,135		77,134			-	77,134
2007	105,180	9	68,092		37,097			-	37,097
2006	89,729	608	68,093	144	22,100		20	20	22,100
2005	85,051	514	68,093	259	17,213			-	17,213
2004	83,250		66,858		16,392			-	16,392
2003	81,374	5	65,352		16,027	5		5	16,022
2002	78,074		62,343		15,731			-	15,731
2001	82,034		82,034					-	-
	<u>\$ 103,340,367</u>	<u>\$ 176,997</u>	<u>\$ 935,383</u>	<u>\$ 357,484</u>	<u>\$ 102,224,497</u>	<u>\$ 99,180,060</u>	<u>\$ 584,245</u>	99,764,305	<u>\$ 3,044,437</u>

Property taxes receivable considered available:

June 30, 2017

(181,802)

June 30, 2018

361,045

Total Property Tax Revenue

\$ 99,943,548



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, 2018**

	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	\$	\$	\$	\$	1,343	\$	\$ 97,716
Investments							117,632
Receivables:							
Accounts receivable					22,988		
Grants and contracts receivable					74,913	13,121	
Due from other funds	498,301	59,227	127,543	90,041			
Other assets							
Total Assets	\$ 498,301	\$ 59,227	\$ 127,543	\$ 90,041	\$ 99,244	\$ 13,121	\$ 215,348
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 5,000	\$ 45	\$ 4,150	\$ 12,323	\$ 2,066	\$	\$
Due to other funds							
Unearned revenue							
Total liabilities	5,000	45	4,150	12,323	2,066	-	-
Fund Balances:							
Nonspendable							
Restricted	493,301		123,393	77,718	97,178		
Committed		59,182				13,121	215,348
Unassigned							
Total fund balances	493,301	59,182	123,393	77,718	97,178	13,121	215,348
Total Liabilities and Fund Balances	\$ 498,301	\$ 59,227	\$ 127,543	\$ 90,041	\$ 99,244	\$ 13,121	\$ 215,348

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

	Special Revenue Funds						
	Recreation	BOE	Education Grants	Cafeteria	BOE Accommodation	High School Athletic Association	Human Services Fund
ASSETS							
Cash and cash equivalents	\$ 809,014	\$ 59,371	\$ 172,992	\$ 547,852	\$ 348,019	\$	\$
Investments							
Receivables:							
Accounts receivable					1,890		16,136
Grants and contracts receivable			30,663	81,154			
Due from other funds	427,782		247,332				279,454
Other assets			9,304	21,750			
Total Assets	<u>\$ 1,236,796</u>	<u>\$ 59,371</u>	<u>\$ 460,291</u>	<u>\$ 650,756</u>	<u>\$ 349,909</u>	<u>\$ -</u>	<u>\$ 295,590</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 160,886	\$ 140	\$ 24,692	\$ 104,507	\$ 9,411	\$ 6,900	\$ 3,453
Due to other funds		10,733		321,536		2,260	
Unearned revenue	473,812		26,482	74,113	77,196		
Total liabilities	<u>634,698</u>	<u>10,873</u>	<u>51,174</u>	<u>500,156</u>	<u>86,607</u>	<u>9,160</u>	<u>3,453</u>
Fund Balances:							
Nonspendable			9,304	21,750			
Restricted			399,813				292,137
Committed	602,098	48,498		128,850	263,302		
Unassigned						(9,160)	
Total fund balances	<u>602,098</u>	<u>48,498</u>	<u>409,117</u>	<u>150,600</u>	<u>263,302</u>	<u>(9,160)</u>	<u>292,137</u>
Total Liabilities and Fund Balances	<u>\$ 1,236,796</u>	<u>\$ 59,371</u>	<u>\$ 460,291</u>	<u>\$ 650,756</u>	<u>\$ 349,909</u>	<u>\$ -</u>	<u>\$ 295,590</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

	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	\$	\$ 2,036,507
Investments						117,632
Receivables:						
Accounts receivable	16,170					34,196
Grants and contracts receivable						134,805
Due from other funds	179,043	83		42,960	218,628	2,258,428
Other assets						31,054
Total Assets	<u>\$ 195,213</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ 43,160</u>	<u>\$ 218,628</u>	<u>\$ 4,612,622</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 774	\$	\$	\$ 881	\$	\$ 335,228
Due to other funds						334,529
Unearned revenue						651,603
Total liabilities	<u>774</u>	<u>-</u>	<u>-</u>	<u>881</u>	<u>-</u>	<u>1,321,360</u>
Fund Balances:						
Nonspendable						31,054
Restricted		83				1,483,623
Committed	194,439			42,279	218,628	1,785,745
Unassigned						(9,160)
Total fund balances	<u>194,439</u>	<u>83</u>	<u>-</u>	<u>42,279</u>	<u>218,628</u>	<u>3,291,262</u>
Total Liabilities and Fund Balances	<u>\$ 195,213</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ 43,160</u>	<u>\$ 218,628</u>	<u>\$ 4,612,622</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, 2018

	Special Revenue Funds						
	Town Aid Road	Animal Control	Town Hall Grants	Public Works Funds	Police	Fees in Lieu of Open Space	Library
Revenues:							
Intergovernmental	\$ 380,411	\$	\$ 7,717	\$	\$ 59,360	\$	\$ 9,470
Charges for services and assessments		20,721	14,267		37,810	2,181	15,843
Investment earnings					13		17,199
Miscellaneous				42,287			30,941
Total revenues	<u>380,411</u>	<u>20,721</u>	<u>21,984</u>	<u>42,287</u>	<u>97,183</u>	<u>2,181</u>	<u>73,453</u>
Expenditures:							
Current:							
General government			39,111			1,972	
Public safety		135			101,069		
Public works	120,660		4,605	59,526			
Human services							
Culture and recreation							39,630
Education							
Total expenditures	<u>120,660</u>	<u>135</u>	<u>43,716</u>	<u>59,526</u>	<u>101,069</u>	<u>1,972</u>	<u>39,630</u>
Excess (Deficiency) of Revenues over Expenditures	259,751	20,586	(21,732)	(17,239)	(3,886)	209	33,823
Other Financing Uses:							
Transfer out							(17,243)
Net Change in Fund Balance	259,751	20,586	(21,732)	(17,239)	(3,886)	209	16,580
Fund Balances at Beginning of Year	<u>233,550</u>	<u>38,596</u>	<u>145,125</u>	<u>94,957</u>	<u>101,064</u>	<u>12,912</u>	<u>198,768</u>
Fund Balances at End of Year	<u>\$ 493,301</u>	<u>\$ 59,182</u>	<u>\$ 123,393</u>	<u>\$ 77,718</u>	<u>\$ 97,178</u>	<u>\$ 13,121</u>	<u>\$ 215,348</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, 2018

	Special Revenue Funds						
	Recreation	BOE	Education Grants	Cafeteria	BOE Accommodations	High School Athletics Association	Human Services Fund
Revenues:							
Intergovernmental	\$	\$	\$ 3,463,866	\$ 467,907	\$	\$	\$ 19,765
Charges for services and assessments	2,250,396	95,791		1,102,478	1,191,080	47,178	291,169
Investment earnings		5		301			
Miscellaneous		1,292					93,024
Total revenues	<u>2,250,396</u>	<u>97,088</u>	<u>3,463,866</u>	<u>1,570,686</u>	<u>1,191,080</u>	<u>47,178</u>	<u>403,958</u>
Expenditures:							
Current:							
General government							
Public safety							
Public works							
Human services							403,582
Culture and recreation	2,580,498						11,086
Education		103,209	3,381,686	1,492,533	931,765	57,688	
Total expenditures	<u>2,580,498</u>	<u>103,209</u>	<u>3,381,686</u>	<u>1,492,533</u>	<u>931,765</u>	<u>57,688</u>	<u>414,668</u>
Excess (Deficiency) of Revenues over Expenditures	(330,102)	(6,121)	82,180	78,153	259,315	(10,510)	(10,710)
Other Financing Uses:							
Transfer out	<u>(746,591)</u>						
Net Change in Fund Balance	(1,076,693)	(6,121)	82,180	78,153	259,315	(10,510)	(10,710)
Fund Balances at Beginning of Year	<u>1,678,791</u>	<u>54,619</u>	<u>326,937</u>	<u>72,447</u>	<u>3,987</u>	<u>1,350</u>	<u>302,847</u>
Fund Balances at End of Year	<u>\$ 602,098</u>	<u>\$ 48,498</u>	<u>\$ 409,117</u>	<u>\$ 150,600</u>	<u>\$ 263,302</u>	<u>\$ (9,160)</u>	<u>\$ 292,137</u>

(Continued on next page)

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, 2018

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community Use of Buildings	Fire Marshall Fund	Lead Poison Prevention	Regional Animal Shelter	IT Reserve Fund	
Revenues:						
Intergovernmental	\$	\$ 2,907	\$	\$	\$	\$ 4,411,403
Charges for services and assessments	87,990					5,156,904
Investment earnings						17,518
Miscellaneous				54,841	124,726	347,111
Total revenues	<u>87,990</u>	<u>2,907</u>	<u>-</u>	<u>54,841</u>	<u>124,726</u>	<u>9,932,936</u>
Expenditures:						
Current:						
General government					99,266	140,349
Public safety		2,879		47,801		151,884
Public works						184,791
Human services			6,104			409,686
Culture and recreation						2,631,214
Education	34,641					6,001,522
Total expenditures	<u>34,641</u>	<u>2,879</u>	<u>6,104</u>	<u>47,801</u>	<u>99,266</u>	<u>9,519,446</u>
Excess (Deficiency) of Revenues over Expenditures	53,349	28	(6,104)	7,040	25,460	413,490
Other Financing Uses:						
Transfer out						(763,834)
Net Change in Fund Balance	53,349	28	(6,104)	7,040	25,460	(350,344)
Fund Balances at Beginning of Year	<u>141,090</u>	<u>55</u>	<u>6,104</u>	<u>35,239</u>	<u>193,168</u>	<u>3,641,606</u>
Fund Balances at End of Year	<u>\$ 194,439</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ 42,279</u>	<u>\$ 218,628</u>	<u>\$ 3,291,262</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, 2018

	<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	\$ 755,628	\$ 755,628	\$ 630,537	\$ (125,091)
Veterans' memorial park	330,331	330,331	319,984	(10,347)
4th R Revenue	983,100	983,100	845,675	(137,425)
Outdoor	90,008	90,008	72,260	(17,748)
Indoor	213,531	213,531	205,284	(8,247)
Social/cultural	247,884	247,884	157,296	(90,588)
Recreation facilities	52,049	52,049	19,360	(32,689)
Miscellaneous			5,526	5,526
Total revenues	<u>2,672,531</u>	<u>2,672,531</u>	<u>2,255,922</u>	<u>(416,609)</u>
Expenditures:				
Current:				
Day camp	836,740	836,740	758,810	77,930
4th R Personal Services	1,070,748	1,070,748	864,574	206,174
Veterans' memorial park	476,652	476,652	377,050	99,602
Outdoor	101,726	101,726	98,141	3,585
Indoor	242,910	242,910	236,841	6,069
Social/cultural	315,791	315,791	216,407	99,384
Recreation facilities	56,293	56,293	23,769	32,524
Contingency	30,000	30,000		30,000
Total expenditures	<u>3,130,860</u>	<u>3,130,860</u>	<u>2,575,592</u>	<u>555,268</u>
Excess (Deficiency) of Revenues over Expenditures	(458,329)	(458,329)	(319,670)	138,659
Other Financing Uses:				
Transfer in	29,910	29,910		(29,910)
Transfers out	(700,000)	(700,000)	(746,591)	(46,591)
Utilization of fund balance	30,000	30,000		(30,000)
Net Change in Fund Balance	<u>\$ (1,098,419)</u>	<u>\$ (1,098,419)</u>	<u>(1,066,261)</u>	<u>\$ 32,158</u>
Fund Balance at Beginning of Year			<u>1,697,360</u>	
Fund Balance at End of Year			<u>\$ 631,099</u>	

Reconciliation to GAAP Basis

	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis - End of Year	\$ 2,255,922	\$ 2,575,592
Accrued payroll not budgeted		14,905
Encumbrances outstanding at beginning of year liquidated and cancelled during the current year	(5,526)	27,079
Encumbrances charged to budgetary expenditures during the current year		(37,078)
Balance, GAAP Basis - End of Year	<u>\$ 2,250,396</u>	<u>\$ 2,580,498</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, 2018**

	<u>Pension Trust Fund</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 427,431	\$ 2,382,111	\$ 2,809,542
Investments:			
Mutual funds	<u>42,591,116</u>	<u></u>	<u>42,591,116</u>
Total assets	<u>43,018,547</u>	<u>2,382,111</u>	<u>45,400,658</u>
Net Position:			
Restricted for Pension Benefits and Other Purposes	\$ <u><u>43,018,547</u></u>	\$ <u><u>2,382,111</u></u>	\$ <u><u>45,400,658</u></u>

**TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Pension Trust Fund	Other Post Employment Benefit Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 2,559,910	\$ 915,326	\$ 3,475,236
Employee	547,886		547,886
Total contributions	<u>3,107,796</u>	<u>915,326</u>	<u>4,023,122</u>
Investment income:			
Net change in fair value investments	<u>3,349,848</u>	<u>27,212</u>	<u>3,377,060</u>
Total additions	<u>6,457,644</u>	<u>942,538</u>	<u>7,400,182</u>
Deductions:			
Benefits	2,846,756	600,465	3,447,221
Administration	<u>140,825</u>	<u>26,500</u>	<u>167,325</u>
Total deductions	<u>2,987,581</u>	<u>626,965</u>	<u>3,614,546</u>
Changes in Net Position	3,470,063	315,573	3,785,636
Net Position at Beginning of Year	<u>39,548,484</u>	<u>2,066,538</u>	<u>41,615,022</u>
Net Position at End of Year	<u>\$ 43,018,547</u>	<u>\$ 2,382,111</u>	<u>\$ 45,400,658</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
School Activities Fund				
Assets:				
Cash and cash equivalents	\$ <u>464,044</u>	\$ <u>1,100,258</u>	\$ <u>1,074,281</u>	\$ <u>490,021</u>
Liabilities:				
Accounts payable	\$ 16,067	\$ 22,143	\$ -	\$ 38,210
Due to others	<u>447,977</u>	<u>1,078,115</u>	<u>1,074,281</u>	<u>451,811</u>
Total liabilities	\$ <u>464,044</u>	\$ <u>1,100,258</u>	\$ <u>1,074,281</u>	\$ <u>490,021</u>
Performance Bond Fund				
Assets:				
Cash and cash equivalents	\$ <u>765,871</u>	\$ <u>130,839</u>	\$ <u>274,398</u>	\$ <u>622,312</u>
Liabilities:				
Due to others	\$ <u>765,871</u>	\$ <u>130,839</u>	\$ <u>274,398</u>	\$ <u>622,312</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ <u>1,229,915</u>	\$ <u>1,231,097</u>	\$ <u>1,348,679</u>	\$ <u>1,112,333</u>
Liabilities:				
Accounts payable	\$ 16,067	\$ 22,143	\$ -	\$ 38,210
Due to other groups	<u>1,213,848</u>	<u>1,208,954</u>	<u>1,348,679</u>	<u>1,074,123</u>
Total liabilities	\$ <u>1,229,915</u>	\$ <u>1,231,097</u>	\$ <u>1,348,679</u>	\$ <u>1,112,333</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	91-94
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	95-97
These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes	
Debt Capacity	98-101
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	102-103
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	104-106
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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net investment in capital assets	\$ 512,445,556	\$ 127,661,949	\$ 133,875,251	\$ 118,642,281	\$ 117,808,001	\$ 603,648,675	\$ 122,049,902	\$ 121,725,879	\$ 133,891,837	\$ 149,770,014
Restricted										
Unrestricted	<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> *	<u>6,257,477</u>	<u>(6,915,481)</u>
Total Governmental Activities Net Position	<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>	<u>\$ 140,149,314</u>	<u>\$ 142,854,533</u>

* Restated for GASB 68

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government	\$ 5,156,910	\$ 5,130,630	\$ 4,860,046	\$ 5,121,861	\$ 4,834,624	\$ 4,744,705	\$ 4,680,398	\$ 9,644,225	\$ 7,534,628	\$ 5,454,460
Public safety	8,926,160	11,024,674	9,483,051	9,125,906	9,701,599	10,466,567	10,116,105	12,259,882	11,059,584	8,991,281
Public works	15,027,502	13,513,891	13,030,693	22,845,865	20,810,758	17,311,069	18,662,827	15,648,511	15,615,857	16,594,152
Human services	1,425,909	1,267,152	1,683,719	1,793,418	1,448,173	1,496,189	1,469,110	1,516,678	1,805,965	1,842,312
Culture and recreation	3,038,581	4,790,717	6,253,473	6,551,287	5,127,771	5,170,258	5,799,240	7,649,148	5,922,105	6,558,564
Education	72,196,979	71,090,473	72,800,171	77,421,480	79,644,193	82,765,300	85,125,614	83,800,549	96,033,281	93,978,140
Debit service interest	1,122,172	1,430,633	1,091,251	1,556,829	148,247	1,608,802	1,508,063	1,619,954	1,786,532	2,020,850
Total Governmental Activities Expenses	<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>	<u>139,757,952</u>	<u>135,439,759</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,012,144	1,109,617	961,454	1,448,690	1,521,538	1,221,156	1,348,396	2,182,425	1,623,465	2,358,541
Public safety	46,525	59,505	70,640	122,635	116,885	94,031	146,221	187,007	151,502	315,661
Public works	3,223,955	3,817,089	3,278,559	3,780,034	4,379,717	4,285,579	4,438,121	4,501,771	5,606,794	5,170,610
Human services	57,765	42,241	50,052	71,340	86,393	87,797	100,976	208,544	354,339	313,672
Culture and recreation	1,229,828	1,409,056	1,422,871	1,583,926	1,766,873	1,635,322	2,925,417	2,519,572	2,570,164	2,311,662
Education	2,701,376	3,016,137	2,864,058	2,599,423	2,622,886	2,406,020	2,374,627	2,256,463	2,272,817	2,506,772
Operating grants and contributions:										
General government	919,332	148,302	229,750	171,502	259,305	222,531	481,542	287,925	207,271	213,749
Public safety	149,047	105,336	95,575	167,775	115,056	82,222	60,481	198,884	51,178	77,866
Public works	315,880	195,257	195,936	563,510	496,348	404,160	395,417	388,764	446,383	414,628
Human services	70,959	104,359	64,498	83,411	81,856	108,808	102,950	106,027	117,242	109,254
Culture and recreation	34,873	35,610	64,431	40,421	41,304	36,038	43,098	49,800	47,555	40,411
Education	20,569,944	20,251,236	21,068,318	22,978,222	22,502,841	24,771,275	23,165,519	24,209,031	29,522,318	29,042,520
Interest on long-term debt	156,680	98,684	45,558							
Capital grants and contributions:										
General government						170,906	75,344	71,433	1,946,226	73,676
Public safety		4,625,819	3,840,842	1,162,761	149,528					
Public works	25,000	155,919	18,574	173,981	7,525	759,237	310,314	1,398,722	11,130,720	3,653,882
Human services			454,151	7,673,048	1,786,113					
Culture and recreation			247,401							
Education			18,942							380,897
Total Governmental Activities Revenues	<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>	<u>56,047,974</u>	<u>46,983,801</u>
Total Governmental Activities Net Expense	<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>	<u>(83,709,978)</u>	<u>(88,455,958)</u>
General Revenues and Other:										
Changes in Net Position:										
Governmental activities:										
Property taxes	73,058,873	76,241,912	77,579,585	79,389,621	81,643,855	87,371,201	90,037,532	91,922,703	96,106,885	98,298,151
Grants and contributions not restricted to specific programs	1,300,566	1,501,594	1,342,114	1,032,892	1,515,179	1,929,166	1,532,895	1,603,494	2,146,206	1,588,901
Unrestricted investment earnings	430,424	133,579	135,226	117,606	130,745	156,863	183,329	121,033	251,754	472,021
Other general revenues, net	13,372	250,300	9,357	3,689			26,834	32,101	55,663	
Total Primary Government	<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>	<u>98,560,508</u>	<u>100,359,073</u>
Change in Net Position:										
Total Governmental Activities	\$ <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>	\$ <u>14,850,530</u>	\$ <u>11,903,115</u>

TABLE 3

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

	FISCAL YEAR										
	2009	2010	2011	*	2012	2013	2014	2015	2016	2017	2018
General Fund:											
Nonspendable	\$	\$	\$ 4,836	\$	135,863	\$ 17,508	\$ 18,722	\$ 970	\$	2,442	\$ 9,307
Restricted											
Committed											1,500,000
Assigned			2,940,494		1,413,432	1,616,470	1,772,742	1,527,753	2,096,625	1,621,867	1,293,331
Unassigned			3,431,794		3,504,042	5,042,748	5,238,041	5,329,639	8,035,255	9,467,497	11,247,314
Reserved	1,207,916	416,571									
Unreserved	4,112,854	5,274,518									
Total General Fund	\$ 5,320,770	\$ 5,691,089	\$ 6,377,124	\$	5,053,337	\$ 6,676,726	\$ 7,029,505	\$ 6,858,362	\$ 10,131,880	\$ 11,091,806	\$ 14,049,952
All other governmental funds:											
Nonspendable	\$	\$	\$ 39,341	\$	29,687	\$ 33,293	\$ 42,355	\$ 56,678	\$ 39,488	\$ 28,426	\$ 31,054
Restricted			9,762,789		746,991	760,375	836,513	857,917	839,148	1,205,414	1,483,623
Committed			1,216,583		5,153,671	3,082,618	3,928,403	6,143,366	2,468,694	3,246,582	2,733,535
Assigned											
Unassigned			(24,679,573)		(24,089,935)	(48,018)	(282,640)	(28,482)	(3,742,300)	(4,386,400)	(9,160)
Reserved	83,671	1,785,790									
Unreserved reported in											
Special revenue	1,744,040	2,104,207									
General fund	4,112,854										
Capital projects funds	10,608,698										
Debt service funds											
Unassigned		(9,706,171)									
Total All Other Governmental Funds	\$ 16,549,263	\$ (5,816,174)	\$ (13,660,860)	\$	(18,159,586)	\$ 3,828,268	\$ 4,524,631	\$ 7,029,479	\$ (394,970)	\$ 94,022	\$ 4,239,052

*In fiscal year 2011, the Town implemented GASB Statements No. 54, which requires fund balance to be reported as nonspendable, restricted, committed, assigned or unassigned. See Notes to the Financial Statements for definitions of each type of fund balance.

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Property taxes	\$ 73,288,794	\$ 75,463,071	\$ 77,616,815	\$ 79,552,717	\$ 81,674,471	\$ 86,482,924	\$ 89,316,302	\$ 92,999,372	\$ 95,483,270	\$ 99,981,359
Intergovernmental	24,043,226	28,146,624	28,113,379	33,780,263	26,568,233	28,191,586	25,919,136	27,782,151	45,201,620	35,062,337
Charges for goods and services	8,487,159	9,468,847	8,692,434	9,748,323	10,489,952	9,632,436	11,415,230	11,920,765	12,631,202	13,223,259
Investment earnings	386,673	126,534	128,533	108,011	125,044	150,955	61,316	111,262	242,072	459,306
Miscellaneous	268,430	378,570	150,105	399,235	310,672	288,393	360,338	463,547	389,669	349,326
Total revenues	<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>127,072,322</u>	<u>133,277,097</u>	<u>153,947,833</u>	<u>149,075,587</u>
Expenditures:										
Current:										
General government	3,373,695	3,122,178	3,139,276	3,049,108	3,161,756	3,438,550	3,444,744	3,560,662	3,788,541	3,798,686
Public safety	7,062,827	7,083,887	7,148,435	7,422,390	7,480,490	7,989,555	8,334,840	8,320,505	8,764,069	9,217,176
Public works	10,633,161	10,295,764	9,629,119	9,749,410	10,946,524	10,675,686	10,975,854	11,143,679	11,983,196	11,747,331
Human services	1,376,881	1,025,250	1,005,973	1,098,224	1,078,348	1,090,749	1,088,900	1,121,246	1,423,516	1,415,836
Culture and recreation	1,980,068	2,684,034	3,809,077	4,231,557	4,193,506	4,445,705	4,710,096	4,946,672	4,964,347	5,330,618
Insurance and sundry	5,016,922	5,322,359	5,601,532	5,856,476	6,090,641	6,630,836	6,467,843	6,556,833	6,340,930	6,708,737
Education	69,452,681	71,461,011	73,212,843	77,665,214	77,187,320	82,367,010	81,650,067	83,381,512	91,479,612	91,736,872
Capital outlay	8,534,738	27,765,090	5,114,605	5,043,160	4,418,905	5,598,435	6,255,201	18,260,516	28,899,903	14,141,482
Debit service:										
Principal	3,255,000	3,335,000	3,455,000	2,955,000	3,080,000	3,697,484	4,200,646	4,199,274	4,538,380	5,062,972
Interest	1,546,040	1,603,502	19,456,574	14,909,364	5,199,178	4,082,781	2,978,753	2,675,623	2,827,201	3,408,213
Total expenditures	<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>	<u>165,009,695</u>	<u>152,567,923</u>
Deficiency of Revenues over Expenditures	<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>(3,034,622)</u>	<u>(10,889,425)</u>	<u>(11,061,862)</u>	<u>(3,492,336)</u>
Other Financing Sources:										
Proceeds from bond refunding	9,375,000		9,650,000	15,185,000	27,516,583	6,615,000	5,160,000			4,125,000
Premium on bonds	596,264		76,917	1,112,007		731,924	78,540	207,067	739,043	524,383
Payments to escrow agents	(9,831,223)			(15,912,713)		(7,163,837)				(5,567,886)
Proceeds from bonds issued	4,800,000	1,200,000		2,000,000		6,320,000		4,300,000	11,860,000	11,500,000
Proceeds from leases		32,165	102,103	684,547	363,951	480,552	826,352	2,946,407	477,850	881,013
Transfers in	4,223,911	2,652,999	1,207,649	736,818	1,305,972	1,183,689	2,000,812	1,761,537	2,080,018	3,656,753
Transfers out	(4,223,911)	(2,652,999)	(1,324,152)	(1,236,818)	(1,906,972)	(1,847,689)	(2,697,372)	(2,476,517)	(2,646,131)	(4,257,218)
Total other financing sources	<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>	<u>12,510,780</u>	<u>10,862,045</u>
Net Change in Fund Balances	(817,690)	(18,882,264)	(7,158,651)	(5,822,513)	23,611,238	1,049,142	2,333,710	(4,150,931)	1,448,918	7,369,709
Fund Balance at Beginning of Year		18,757,179	(125,085)	(7,283,736)	(13,106,249)	10,504,989	11,554,131	13,887,841	9,736,910	11,185,828
Fund Balance at End of Year	<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>\$ 13,887,841</u>	<u>\$ 9,736,910</u>	<u>\$ 11,185,828</u>	<u>\$ 18,555,537</u>
Debt Service as a Percentage to Noncapital Expenditures	4.60%	4.58%	21.02%	14.52%	6.85%	6.30%	5.75%	5.40%	5.43%	6.21%

TABLE 5

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

Fiscal Year	Residential Property	Commercial Property	⁽¹⁾	Personal Property	Motor Vehicle	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	⁽⁴⁾
2018	\$ 2,120,523,759	\$ 234,463,220	\$	\$ 340,605,990	\$ 225,387,225	\$ 318,272,044	\$ 2,602,708,150	\$ 38.08/37.00	⁽³⁾ \$ 3,718,154,500	
2017	1,691,195,450	227,246,090		272,704,520	217,673,720	104,350,010	2,304,469,770	37.34/37.00	⁽³⁾ 3,292,099,671	
2016	1,669,743,361	469,200,191		261,120,500	217,444,060	112,726,620	2,262,827,391	36.54	3,232,610,559	
2015	1,681,317,099	465,985,750		287,829,500	216,945,460	119,194,329	2,536,097,921	35.51	3,622,997,030	
2014 ⁽²⁾	1,676,514,846	439,529,851		258,829,020	207,156,730	111,344,758	2,497,141,588	34.90	3,567,345,126	
2013	1,919,649,089	437,237,200		246,646,610	208,122,550	121,055,339	2,692,892,761	29.43	3,846,989,659	
2012	2,428,826,870	517,933,641		231,536,430	194,075,430	113,816,134	3,177,859,796	28.78	4,539,799,709	
2011	2,416,075,791	-		237,208,005	183,710,954	106,557,257	2,730,437,493	28.34	3,900,624,990	
2010	2,411,972,160	-		218,994,377	185,138,646	95,127,929	2,720,977,254	27.84	3,887,110,363	
2009 ⁽²⁾	2,376,879,340	-		176,568,995	194,850,460	53,348,006	2,694,950,789	27.42	3,849,929,699	

Source: Town of South Windsor-Assessor

Note: The Town has no overlapping governments

⁽¹⁾ Note: 2011-2009 not separately available for commercial property

⁽²⁾ Note: Revaluation year

⁽³⁾ Note: State of Connecticut enacted a Motor Vehicle Mill Rate Cap of 37.00 mills effective 6/30/16

⁽⁴⁾ Note: By state law, property is assessed at 70% of actual value with periodic revaluation of real property

TABLE 6

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

TAXPAYER	NATURE OF BUSINESS	2018			2009		
		TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
Eversource (formally CL&P)	Utility	\$ 92,924,890	1	3.57%	\$ 56,881,060	1	2.08%
Evergreen Walk Lifestyle Center	Retail	31,322,700	2	1.20%	37,844,660	2	1.39%
Aldi Inc.	Distribution	24,066,830	3	0.92%	-	-	-
FedEx Ground Package	Distribution	17,455,250	4	0.67%	-	-	-
Federated Retail Holdings	Retail	11,914,200	5	0.46%	19,559,248	3	0.72%
DST Realty	Services	14,044,880	6	0.54%	13,309,580	6	0.49%
Town Center of South Windsor	Real Estate	12,383,780	7	0.48%	16,099,020	4	0.59%
Connecticut Water Co.	Utility	12,348,800	8	0.47%	-	-	-
Computer Sciences Corp.	Retail	10,970,120	9	0.42%	-	-	-
Carla's Pasta	Retail	10,748,800	10	0.41%	-	-	-
Target Corp.	Retail	-	-	-	11,469,100	8	0.42%
Evergreen Walk LLC	Real Estate	-	-	-	13,746,830	5	0.50%
Benchmark GPT (Village at Buckland Court)	Services	-	-	-	11,678,900	7	0.43%
Gerber Companies	Manufacturing	-	-	-	11,338,390	9	0.42%
Ventas Realty L.P.	Real Estate	-	-	-	11,204,010	10	0.41%
	Total	\$ 238,180,250		9.15%	\$ 203,130,798		7.44%

Source: Town of South Windsor- Assessor
October 1, 2016 Assessment
October 1, 2007 Assessment

TABLE 7

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

Fiscal Year Ending 6/30	Taxable Grand List	Tax Rate (In Mills)	Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Adjusted Levy		Amount	Percent of Adjusted Levy
2018	\$ 2,602,708,150	\$ 38.08/37.00 ⁽¹⁾	\$ 99,320,301	\$ 98,275,075	98.95%	\$ -	\$ 98,275,075	98.95%
2017	2,520,505,015	37.34/37.00 ⁽¹⁾	95,502,476	94,247,010	98.69%	662,583	94,909,593	99.38%
2016	2,501,567,051	36.54	91,894,135	90,891,340	98.91%	578,848	91,470,188	99.54%
2015	2,506,427,581	35.51	89,399,738	87,965,832	98.40%	1,069,848	89,035,680	99.59%
2014	2,468,393,038	34.90	86,279,650	85,042,713	98.57%	1,068,372	86,111,085	99.80%
2013	2,771,296,551	29.43	81,652,659	80,566,157	98.67%	995,659	81,561,816	99.89%
2012	2,740,622,596	28.78	78,796,861	77,752,911	98.68%	973,012	78,725,923	99.91%
2011	2,731,391,588	28.34	77,518,490	76,539,598	98.74%	892,604	77,432,202	99.89%
2010	2,721,963,795	27.84	75,361,514	74,256,653	98.53%	1,027,727	75,284,380	99.90%
2009	2,680,367,627	27.42	73,246,521	72,259,961	98.65%	949,463	73,209,424	99.95%

Source: Town of South Windsor-Tax Collector

⁽¹⁾ State of Connecticut enacted a Motor Vehicle Mill Rate Cap of 37.00 mills effective 6/30/16

TABLE 8

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

Fiscal Year	General Obligation Bonds	⁽¹⁾	Clean Water Fund Bonds	⁽²⁾	Capital Leases	Total Primary Government	Ratio of Debt to Estimated Taxable Value of Property	⁽³⁾	Debt Per Capita	⁽⁴⁾	Total Debt Outstanding as a Percentage of personal Income	⁽⁵⁾
2018	\$ 69,001,000		\$ 23,353,127		\$ 3,777,514	\$ 96,131,641	2.59%		\$ 3,725		0.04%	
2017	43,160,000		24,765,093		3,734,926	71,660,019	2.18%		2,777		0.05%	
2016	34,620,000		26,210,009		4,107,494	64,937,503	2.01%		2,518		0.06%	
2015	33,325,000		27,571,991		2,000,484	62,897,475	1.74%		2,439		0.06%	
2014	31,195,000		28,907,027		1,542,849	61,644,876	1.73%		2,389		0.06%	
2013	29,455,000		28,465,648		1,408,217	59,328,865	1.54%		2,296		0.06%	
2012	32,535,000		1,956,111		1,322,737	35,813,848	0.79%		1,387		0.11%	
2011	33,080,000		2,110,939		866,554	36,057,493	0.92%		1,399		0.11%	
2010	26,885,000		2,262,700		971,779	30,119,479	0.77%		1,172		0.13%	
2009	30,220,000		2,411,457		1,113,181	33,744,638	0.88%		1,285		0.09%	

Source: Town of South Windsor-Finance.

Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ Town only issues general obligation bonds and has no overlapping debt.

⁽²⁾ Represents 2% 20-year loans to finance upgrades to the wastewater treatment plant.

⁽³⁾ See Table 5 for taxable property value data.

⁽⁴⁾ See Table 11 for population data.

⁽⁵⁾ See Table 11 for personal income data.

TABLE 9

**TOWN OF SOUTH WINDSOR, CONNECTICUT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	Population	⁽¹⁾	Assessed Value of Property	Net General Bonded Debt	Ratio of Debt to Estimated Taxable Value of Property	Debt Per Capita	Total Debt Outstanding as a Percentage of personal Income
2018	25,806	\$	2,602,708,150	\$ 92,354,127	3.55%	\$ 3,579	0.11%
2017	25,806		2,304,469,770	67,925,093	2.95%	2,632	0.15%
2016	25,793		2,262,827,391	60,830,009	2.69%	2,358	0.16%
2015	25,789		2,536,097,921	60,896,991	2.40%	2,361	0.16%
2014	25,803		2,497,141,588	60,102,027	2.41%	2,329	0.17%
2013	25,837		2,692,892,761	57,920,648	2.15%	2,242	0.17%
2012	25,812		3,177,859,796	34,491,111	1.09%	1,336	0.29%
2011	25,779		2,730,437,493	35,190,939	1.29%	1,365	0.28%
2010	25,709		2,720,977,254	29,147,700	1.07%	1,134	0.34%
2009	26,258		2,694,950,789	32,631,457	1.21%	1,243	0.25%

Source: Town of South Windsor-Finance.

⁽¹⁾ Town only issues general obligation bonds and has no overlapping debt.

TABLE 10

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 512,445,556	\$ 526,910,767	\$ 543,682,512	\$ 555,337,279	\$ 572,155,955	\$ 603,648,675	\$ 624,631,371	\$ 650,125,903	\$ 668,710,378	\$ 668,710,378
Total net debt applicable to limit	<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>	<u>83,858,275</u>	<u>86,405,900</u>
Legal Debt Margin	<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>	<u>\$ 584,852,103</u>	<u>\$ 582,304,478</u>
Total net debt applicable to the limit as a percentage of debt limit	7.52%	12.57%	14.21%	15.32%	12.83%	11.90%	11.63%	14.24%	12.54%	12.92%

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 2018 debt limit can be found on Table 11 of this report.

**TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2018**

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2017	\$ 95,528,054
Tax relief for the elderly	<u>2,000</u>

BASE	<u>\$ 95,530,054</u>
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	<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	\$ 214,942,622	\$	\$	\$	\$
4-1/2 times base		429,885,243			
3-3/4 times base			358,237,703		
3-1/4 times base				310,472,676	
3 times base					286,590,162
Total debt limitation	<u>214,942,622</u>	<u>429,885,243</u>	<u>358,237,703</u>	<u>310,472,676</u>	<u>286,590,162</u>
Indebtedness:					
Bonds and notes payable	27,547,000	21,777,000	1,656,000		
CWF notes payable			21,697,127		
Authorized, unissued bonds	<u>650,000</u>	<u>13,521,724</u>	<u>19,483,417</u>		
Total indebtedness	<u>28,197,000</u>	<u>35,298,724</u>	<u>42,836,544</u>	<u>-</u>	<u>-</u>
Less amounts to be provided by the state and other	<u>(647,417)</u>	<u>(11,518,946)</u>	<u>(7,760,005)</u>		
Net indebtedness	<u>27,549,583</u>	<u>23,779,778</u>	<u>35,076,539</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of					
Outstanding and Authorized Debt	<u>\$ 187,393,039</u>	<u>\$ 406,105,465</u>	<u>\$ 323,161,164</u>	<u>\$ 310,472,676</u>	<u>\$ 286,590,162</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$668,710,378)

TABLE 12

**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		
2018	25,806	\$ 38,505	\$ 99,774	43.3	92.6	44.6	4,142	3.8%
2017	25,806	38,505	99,774	43.3	92.6	44.6	4,071	4.2%
2016	25,793	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%

(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 13

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

Employer	Nature of Business	2018			2009		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of South Windsor	Municipality	820	1	5.81%	850	1	28.73%
DST Output	Services	650	2	4.60%	500	2	1.92%
Ticket Network	Services	441	3	3.12%	-	-	0.00%
The May Company	Distributor	389	4	2.75%	400	3	1.54%
Doosan Fuel Cell America	Manufacturer	320	5	2.27%	-	-	0.00%
Target Corp	Retailing	250	6	1.77%	150	7	0.58%
Super Stop & Shop	Retailing	221	7	1.56%	-	-	-
Performance Food Group	Distributor	183	8	1.30%	-	-	-
Lowe's Home Improvement	Retailing	170	9	1.20%	150	8	0.58%
Electro Methods	Manufacturing	155	10	1.10%	210	5	0.81%
HPC Food Services	Food Products (Wholesale)	-	-	-	140	9	0.54%
Haven Health Center - South Windsor	Healthcare	-	-	-	130	10	0.50%
Gerber Scientific	Manufacturing	-	-	-	259	4	1.00%
C & S Distributors	Manufacturing	-	-	-	170	6	0.65%
Total		3,599		25.49%	2,959		36.84%

TABLE 14

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Function/Program										
General government										
Town Manager's Office	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	7.0	7.0
Registrar of Voters	2.0	2.0	2.0	2.0	2.0	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	12.0	12.0	11.0
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	5.0	5.0	4.0	4.0	5.0	5.0	5.0	6.0	5.0
Public Safety	54.0	54.0	54.0	54.0	54.0	52.0	54.0	52.0	55.0	55.0
Public Works	47.0	47.0	47.0	47.0	47.0	45.0	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	3.0	3.0	4.0	4.0	4.0	4.0
Human Services	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0	10.0	10.0
Culture and Recreation	20.0	18.0	18.0	18.0	18.0	19.0	18.0	18.0	17.0	17.0
Library	12.0	12.0	12.0	12.0	12.0	13.0	13.0	13.0	13.0	13.0
Education	621.0	618.0	628.0	638.0	639.0	628.0	609.0	635.0	642.0	642.0
Total	796.0	791.0	801.0	810.0	811.0	802.0	787.0	811.0	825.0	823.0

Source: Town of South Windsor-Human Resources

TABLE 15

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Police</u>										
General service calls	30,055	32,521	28,306	33,068	33,329	34,562	44,701	35,186	35,073	36,210
Criminal Arrests	428	490	630	427	643	569	645	690	861	900
Traffic accidents	416	659	395	399	584	586	410	459	582	459
<u>Fire Marshal</u>										
Fire Investigations Completed	31	10	27	23	19	10	18	34	37	7
Inspections	1,875	1,500	1,545	2,565	1,704	850	588	627	508	635
<u>Public Works</u>										
GIS Dashboard Requests*	1,159	1,200	1,100	958	903	700	375	-	-	-
Snow Routes	22	22	20	21	21	21	21	19	18	18
Miles of Road Plowed	140	140	140	140	140	140	140	140	139	139
Road Surface Treatment Miles	21.1	6.5	6.2	4.3	5.6	2.0	1.0	7.0	12.9	7.4
Catch Basins Cleaned	2,001	1,891	1,736	1,997	2,048	1,677	2,896	815	292	2,831
<u>Health/Human Services</u>										
Food Service Inspections ⁽¹⁾	226	175	140	107	195	147	103	75	85	158
Child Care Facility Inspections	12	5	11	3	13	11	13	10	10	5
Youth Development Participants	921	901	913	1,900	2,797	600	1,899	584	967	649
Teen Center Participants	247	245	254	275	313	500	427	471	460	430
<u>Parks and Recreation</u>										
Athletic Fields Maintained	28	28	25	25	25	23	23	23	23	23
Baseball/Softball Fields maintained	16	16	16	16	16	16	16	16	16	16
<u>Library</u>										
Total Circulation	296,100	222,000	231,708	268,030	277,000	283,300	284,291	280,467	281,672	289,557
Library Sponsored Programs	857	575	568	562	433	500	487	434	279	457
<u>Wastewater</u>										
Wastewater Treated (million gallons)	824	900	816.8	856.8	908.5	800	808	684	701	684.2
Emergency Call-outs/Alarms	86	90	102	94	142	110	148	73	58	55
Miles of Sewer Line Cleaned	30	30	7.75	5.5	18.5	12.00	2.80	1.90	33	6

TOWN OF SOUTH WINDSOR, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE 16

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Function/Program</u>										
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	44	42	42	42	42	42	42	42	42	41
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	14	13	13	13	13	13	13	13	13	13
Hydrants	949	949	937	927	890	890	890	890	890	890
Public works										
Vehicles	158	156	116	114	102	105	102	108	111	107
Streets (miles)	140	140	140	140	140	140	140	139.5	139	139
Parks & Recreation										
Vehicles	15	14	14	13	13	12	13	13	13	13
Acreage	840.53	840.53	840.53	840.53	840.53	812.94	812.94	812.94	812.94	802.02
Playgrounds	2	2	2	2	2	2	2	2	2	2
Athletic fields	41.5	41.5	41.5	41.5	41.5	39.5	39.5	39.5	39.5	39.5
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	5	4	4	4	4	4	3	3	3	3
Education										
Schools	6	7	7	7	7	7	7	7	7	7