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**TOWN OF SOUTH WINDSOR, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
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**JUNE 30, 2015**

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## **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, 2015, 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 of 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, 2015 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 13 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net position of the Town has been restated to recognize the net pension liability required in implementing GASB No. 68. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 53 through 58, and the pension schedules on pages 59 through 64 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 combining and individual nonmajor fund financial statements and schedules 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Town of South Windsor, Connecticut, as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 20, 2014, 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, 2014 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 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 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, 2014.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015 on our consideration of the Town of South Windsor, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of South Windsor, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 15, 2015

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

This discussion and analysis of the Town of South Windsor, Connecticut's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read this MD&A in conjunction with the Town's financial statements.

**Financial Highlights**

- Total net position of our governmental activities at the end of the fiscal year was \$125,192,032, an increase of \$387,656 or .30% over the previous fiscal year. Of the Town's total net position at June 30, 2015, \$3,142,130 is unrestricted and may be used to meet the operating needs of the Town.
- On a government wide basis, revenues totaled \$127,749,013 while expenses equaled \$127,361,357.
- Total cost of all of the Town's government programs was \$387,656 less than the generated revenues. No new programs were added this year.
- The Town bonded \$5,160,000 to permanently fund a \$3,260,000 for various school projects, and \$1,900,000 for road and drainage improvements. In addition, the Town issued \$7,160,000 in Bond Anticipation Notes to provide temporary financing for school projects, road and drainage improvements and the new Orchard Hill School.

**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 two categories: governmental 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 \$124,804,376 to \$ 125,192,032. 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**

|                                                 | <b>Governmental<br/>Activities</b> |                       |
|-------------------------------------------------|------------------------------------|-----------------------|
|                                                 | <b>2015</b>                        | <b>2014</b>           |
| Current assets                                  | \$ 35,582,325                      | \$ 33,042,144         |
| Capital assets, net of accumulated depreciation | 187,515,660                        | 188,268,074           |
| Total assets                                    | <u>223,097,985</u>                 | <u>221,310,218</u>    |
| Deferred outflows of resources                  | <u>4,245,772</u>                   | <u>1,286,248</u>      |
| Long-term liabilities outstanding               | 12,572,125                         | 23,262,292            |
| Other liabilities                               | 88,482,558                         | 74,507,240            |
| Total liabilities                               | <u>101,054,683</u>                 | <u>97,769,532</u>     |
| Deferred inflows of resources                   | <u>1,097,042</u>                   | <u>22,558</u>         |
| Net Position:                                   |                                    |                       |
| Net investment in capital assets                | 122,049,902                        | 119,779,406           |
| Unrestricted                                    | <u>3,142,130</u>                   | <u>5,024,970</u>      |
| Total Net Position                              | <u>\$ 125,192,032</u>              | <u>\$ 124,804,376</u> |

**TABLE 2**  
**CHANGE IN NET POSITION**

|                                                                 | <b>Governmental<br/>Activities</b> |                     |
|-----------------------------------------------------------------|------------------------------------|---------------------|
|                                                                 | <b>2015</b>                        | <b>2014</b>         |
| Revenues:                                                       |                                    |                     |
| Program revenues:                                               |                                    |                     |
| Charges for services                                            | \$ 11,333,758                      | \$ 9,729,905        |
| Operating grants and contributions                              | 24,249,007                         | 25,625,034          |
| Capital grants and contributions                                | 385,658                            | 930,143             |
| General revenues:                                               |                                    |                     |
| Property taxes                                                  | 90,037,532                         | 87,371,201          |
| Grants and contributions not restricted<br>to specific purposes | 1,532,895                          | 1,929,166           |
| Unrestricted investment earnings                                | 183,329                            | 156,863             |
| Other general revenues                                          | 26,834                             |                     |
| Total revenues                                                  | <u>127,749,013</u>                 | <u>125,742,312</u>  |
| Expenses:                                                       |                                    |                     |
| General government                                              | 4,680,398                          | 4,744,705           |
| Public safety                                                   | 10,116,105                         | 10,466,567          |
| Public works                                                    | 18,662,827                         | 17,311,069          |
| Human services                                                  | 1,469,110                          | 1,496,189           |
| Culture and recreation                                          | 5,799,240                          | 5,170,258           |
| Education                                                       | 85,125,614                         | 82,765,300          |
| Debt service                                                    | 1,508,063                          | 1,608,802           |
| Total expenses                                                  | <u>127,361,357</u>                 | <u>123,562,890</u>  |
| Increase in Net Position                                        | <u>\$ 387,656</u>                  | <u>\$ 2,179,422</u> |

As noted above, total revenues were \$127,749,013 and the total cost of all programs and services was \$127,361,357. Our analysis below considers the operations of the fiscal year's governmental activities.

### **Governmental Activities**

The Town's net position increased \$387,656 during the current fiscal year. 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 \$5.02 million at June 30, 2014 to \$3.1 million at the end of this year. The implementation of GASB 68 was the key element in this change.

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

**TABLE 3  
GOVERNMENTAL ACTIVITIES**

|                        | <b>Total Cost of Services</b> |                       | <b>Net Cost of Services</b> |                        |
|------------------------|-------------------------------|-----------------------|-----------------------------|------------------------|
|                        | <b>2015</b>                   | <b>2014</b>           | <b>2015</b>                 | <b>2014</b>            |
| General government     | \$ 4,680,398                  | \$ 4,744,705          | \$ (2,775,116)              | \$ (3,130,112)         |
| Public safety          | 10,116,105                    | 10,466,567            | (9,909,403)                 | (10,290,314)           |
| Public works           | 18,662,827                    | 17,311,069            | (13,518,975)                | (11,862,093)           |
| Human services         | 1,469,110                     | 1,496,189             | (1,265,184)                 | (1,299,584)            |
| Culture and recreation | 5,799,240                     | 5,170,258             | (2,830,725)                 | (3,498,898)            |
| Education              | 85,125,614                    | 82,765,300            | (59,585,468)                | (55,588,005)           |
| Debt service           | 1,508,063                     | 1,608,802             | (1,508,063)                 | (1,608,802)            |
| Total                  | <u>\$ 127,361,357</u>         | <u>\$ 123,562,890</u> | <u>\$ (91,392,934)</u>      | <u>\$ (87,277,808)</u> |

### **Town Funds Financial Analysis**

#### **Governmental Funds**

The Town's governmental funds (as presented in the balance sheet - Exhibit III) reported combined ending fund balances of \$13,887,841, inclusive of an unassigned fund balance of \$5,301,158.

The General Fund is the operating fund of the Town. Fund balance of the Town's General Fund decreased by \$171,143 during the current fiscal year. At June 30, 2015, unassigned fund balance of the General Fund was \$5,329,639 while total fund balance was \$6,858,362.

The Town's collection rate in fiscal year 2015 was 98.4%, which is consistent with the collection rate over the past five fiscal years.

#### **General Fund Budgetary Highlights**

The approved Town budget (including education) for fiscal year 2014/2015 was \$106,267,103. Education expenses continued to be the largest component at 64.5%, followed by public safety at 7.8%, and public works at 7.1%.

The most significant variances between the final budget and actual expenditures were as follows:

- A positive variance of \$316,493 in the Supplemental Motor Vehicles Taxes.
- A positive variance of \$224,208 in State Sundry Account for an unanticipated grant received for school security.
- Positive variances of \$127,458 in the Public Safety and \$219,279 in Public Works budgets due to cost containment efforts.
- A positive variance of \$221,636 in the Education budget was generated from regular education programs, in-service reductions and vacant positions not filled.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Asset

At June 30, 2015, the Town had \$187,515,660 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net decrease (including additions and deductions) of \$752,414 compared to last year.

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

- The Construction in Progress of the school, road, and drainage projects funded during the year by bonds and bond anticipation notes.
- Depreciation expense in the amount of \$6,048,710.

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

|                                   | <b>Governmental<br/>Activities</b> |                       |
|-----------------------------------|------------------------------------|-----------------------|
|                                   | <b>2015</b>                        | <b>2014</b>           |
| Land                              | \$ 17,850,095                      | \$ 17,266,366         |
| Buildings                         | 65,386,421                         | 67,067,597            |
| Improvements other than buildings | 17,551,870                         | 13,848,135            |
| Furniture and equipment           | 6,471,366                          | 5,984,367             |
| Infrastructure                    | 77,435,549                         | 75,079,653            |
| Construction in progress          | <u>2,820,359</u>                   | <u>9,021,956</u>      |
| Total                             | <u>\$ 187,515,660</u>              | <u>\$ 188,268,074</u> |

### Long-Term Debt

At June 30, 2015, the Town had \$60,896,991 in bonds and notes outstanding versus \$60,102,027 last year as shown in Table 5. The modest increase is due to the amount bonded, in the fiscal year, exceeding the amount paid to retire debt service.

**TABLE 5**  
**OUTSTANDING DEBT**

|                                    | <b>Governmental<br/>Activities</b> |                      |
|------------------------------------|------------------------------------|----------------------|
|                                    | <b>2015</b>                        | <b>2014</b>          |
| General Obligation Bonds and Notes | <u>\$ 60,896,991</u>               | <u>\$ 60,102,027</u> |

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The 2015/2016 adopted budget for the General Fund is \$108,855,820, an increase of \$2,588,517 (2.44%). The Town's elected and appointed officials considered many factors when adopting the budget, including the following:

- **Economic Conditions** - The Town Council recognized that the economy was slowly rebounding and felt it was a good time to add back infrastructure expenditures previously cut in prior years, while still maintaining a reasonable increase in taxes. South Windsor is a business friendly municipality which works hard to attract new development projects.
- **Unemployment Rate** - The unemployment rate was projected to slightly improve during the 2015/2016 fiscal year. The State's rate was 5.1% at October 31, 2015, which was higher than the U.S. unemployment rate of 5.0%.
- **Town Assessments** - The grand list of real and personal property has grown by 2.95% over the past three years. This increase has a positive impact on the amount to be raised by taxes, in order to maintain the same level of service for Town residents.

### **Contacting the Town's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Matthew B. Galligan, Town Manager, Town of South Windsor, 1540 Sullivan Avenue, South Windsor, Connecticut 06074.

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

|                                                                   | <b>Governmental<br/>Activities</b> |
|-------------------------------------------------------------------|------------------------------------|
| Assets:                                                           |                                    |
| Cash and cash equivalents                                         | \$ 25,072,342                      |
| Investments                                                       | 84,587                             |
| Receivables, net                                                  | 10,341,328                         |
| Inventory                                                         | 51,128                             |
| Prepaid items                                                     | 6,520                              |
| Other assets                                                      | 26,420                             |
| Capital assets not being depreciated                              | 20,670,454                         |
| Capital assets being depreciated, net of accumulated depreciation | 166,845,206                        |
| Total assets                                                      | <u>223,097,985</u>                 |
| Deferred Outflows of Resources:                                   |                                    |
| Deferred charge on refunding                                      | 1,182,069                          |
| Changes in pension actuarial experience                           | 1,049,080                          |
| Changes in projected pension investment earnings                  | 2,014,623                          |
| Total deferred outflows of resources                              | <u>4,245,772</u>                   |
| Liabilities:                                                      |                                    |
| Accounts payable and accrued liabilities                          | 4,711,810                          |
| Unearned revenue                                                  | 700,315                            |
| Notes payable                                                     | 7,160,000                          |
| Noncurrent liabilities:                                           |                                    |
| Due within one year                                               | 6,483,760                          |
| Due in more than one year                                         | 81,998,798                         |
| Total liabilities                                                 | <u>101,054,683</u>                 |
| Deferred Inflows of Resources:                                    |                                    |
| Advance property tax collections                                  | 11,159                             |
| Changes in pension actuarial assumptions                          | 1,085,883                          |
| Total deferred inflows of resources                               | <u>1,097,042</u>                   |
| Net Position:                                                     |                                    |
| Net investment in capital assets                                  | 122,049,902                        |
| Unrestricted                                                      | 3,142,130                          |
| Total Net Position                                                | <u>\$ 125,192,032</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, 2015**

| Functions/Programs                                           | Expenses              | Program Revenues        |                                          |                                        | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|--------------------------------------------------------------|-----------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------------|
|                                                              |                       | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                                 |
| Governmental activities:                                     |                       |                         |                                          |                                        |                                                            |
| General government                                           | \$ 4,680,398          | \$ 1,348,396            | \$ 481,542                               | \$ 75,344                              | \$ (2,775,116)                                             |
| Public safety                                                | 10,116,105            | 146,221                 | 60,481                                   |                                        | (9,909,403)                                                |
| Public works                                                 | 18,662,827            | 4,438,121               | 395,417                                  | 310,314                                | (13,518,975)                                               |
| Human services                                               | 1,469,110             | 100,976                 | 102,950                                  |                                        | (1,265,184)                                                |
| Culture and recreation                                       | 5,799,240             | 2,925,417               | 43,098                                   |                                        | (2,830,725)                                                |
| Education                                                    | 85,125,614            | 2,374,627               | 23,165,519                               |                                        | (59,585,468)                                               |
| Interest on long-term debt                                   | 1,508,063             |                         |                                          |                                        | (1,508,063)                                                |
| Total                                                        | <u>\$ 127,361,357</u> | <u>\$ 11,333,758</u>    | <u>\$ 24,249,007</u>                     | <u>\$ 385,658</u>                      | <u>(91,392,934)</u>                                        |
| General revenues:                                            |                       |                         |                                          |                                        |                                                            |
| Property taxes                                               |                       |                         |                                          |                                        | 90,037,532                                                 |
| Grants and contributions not restricted to specific programs |                       |                         |                                          |                                        | 1,532,895                                                  |
| Unrestricted investment earnings                             |                       |                         |                                          |                                        | 183,329                                                    |
| Miscellaneous                                                |                       |                         |                                          |                                        | 26,834                                                     |
| Total general revenues                                       |                       |                         |                                          |                                        | <u>91,780,590</u>                                          |
| Change in net position                                       |                       |                         |                                          |                                        | 387,656                                                    |
| Net Position at Beginning of Year, as Restated               |                       |                         |                                          |                                        | <u>124,804,376</u>                                         |
| Net Position at End of Year                                  |                       |                         |                                          |                                        | <u>\$ 125,192,032</u>                                      |

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015**

|                                                                       | <u>General</u>       | <u>Capital<br/>Projects<br/>Fund</u> | <u>Sewer<br/>Operating<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------------------------------------------------------|----------------------|--------------------------------------|-------------------------------------|--------------------------------------------|-----------------------------------------|
| <b>ASSETS</b>                                                         |                      |                                      |                                     |                                            |                                         |
| Cash and cash equivalents                                             | \$ 19,023,921        | \$                                   | \$ 55,939                           | \$ 1,471,570                               | \$ 20,551,430                           |
| Investments                                                           |                      |                                      |                                     | 84,587                                     | 84,587                                  |
| Receivables, net                                                      | 5,676,362            | 3,802,839                            | 613,453                             | 191,376                                    | 10,284,030                              |
| Due from other funds                                                  | 843,086              | 8,226,940                            | 678,922                             | 2,355,160                                  | 12,104,108                              |
| Other assets                                                          | <u>970</u>           |                                      |                                     | <u>56,678</u>                              | <u>57,648</u>                           |
| Total Assets                                                          | <u>\$ 25,544,339</u> | <u>\$ 12,029,779</u>                 | <u>\$ 1,348,314</u>                 | <u>\$ 4,159,371</u>                        | <u>\$ 43,081,803</u>                    |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>   |                      |                                      |                                     |                                            |                                         |
| Liabilities:                                                          |                      |                                      |                                     |                                            |                                         |
| Accounts and other payables                                           | \$ 2,522,895         | \$ 535,586                           | \$ 97,477                           | \$ 135,177                                 | \$ 3,291,135                            |
| Due to other funds                                                    | 10,838,131           | 180,200                              | 242,691                             | 843,086                                    | 12,104,108                              |
| Notes payable                                                         |                      | 7,160,000                            |                                     |                                            | 7,160,000                               |
| Unearned revenue                                                      |                      | <u>76,042</u>                        |                                     | <u>624,273</u>                             | <u>700,315</u>                          |
| Total liabilities                                                     | <u>13,361,026</u>    | <u>7,951,828</u>                     | <u>340,168</u>                      | <u>1,602,536</u>                           | <u>23,255,558</u>                       |
| Deferred inflows of resources:                                        |                      |                                      |                                     |                                            |                                         |
| Unavailable revenue - property taxes                                  | 5,313,792            |                                      |                                     |                                            | 5,313,792                               |
| Unavailable revenue - sewer use                                       |                      |                                      | 613,453                             |                                            | 613,453                                 |
| Advance property tax collections                                      | <u>11,159</u>        |                                      |                                     |                                            | <u>11,159</u>                           |
| Total deferred inflows of resources                                   | <u>5,324,951</u>     | <u>-</u>                             | <u>613,453</u>                      | <u>-</u>                                   | <u>5,938,404</u>                        |
| Fund balances:                                                        |                      |                                      |                                     |                                            |                                         |
| Nonspendable                                                          | 970                  |                                      |                                     | 56,678                                     | 57,648                                  |
| Restricted                                                            |                      |                                      |                                     | 857,917                                    | 857,917                                 |
| Committed                                                             |                      | 4,077,951                            | 394,693                             | 1,670,722                                  | 6,143,366                               |
| Assigned                                                              | 1,527,753            |                                      |                                     |                                            | 1,527,753                               |
| Unassigned                                                            | <u>5,329,639</u>     |                                      |                                     | <u>(28,482)</u>                            | <u>5,301,157</u>                        |
| Total fund balances                                                   | <u>6,858,362</u>     | <u>4,077,951</u>                     | <u>394,693</u>                      | <u>2,556,835</u>                           | <u>13,887,841</u>                       |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ 25,544,339</u> | <u>\$ 12,029,779</u>                 | <u>\$ 1,348,314</u>                 | <u>\$ 4,159,371</u>                        | <u>\$ 43,081,803</u>                    |

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**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2015**

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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 | \$ 13,887,841 |
|------------------------------------------|---------------|

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

|                               |                      |             |
|-------------------------------|----------------------|-------------|
| Governmental capital assets   | \$ 330,612,157       |             |
| Less accumulated depreciation | <u>(143,096,497)</u> |             |
| Net capital assets            |                      | 187,515,660 |

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                                 | 3,015,255 |
| Interest receivable on property taxes                                         | 2,298,536 |
| Assessments and user fee receivable                                           | 577,591   |
| Interest receivable on assessments and user fees                              | 35,862    |
| Net OPEB asset                                                                | 26,420    |
| Deferred outflows related to changes in pension actuarial experience          | 1,049,080 |
| Deferred outflows related to changes in projected pension investment earnings | 2,014,623 |

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.

3,594,210

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                                                | (15,910,231)     |
| Deferred inflows related to changes in pension actuarial assumptions | (1,085,883)      |
| Bonds and notes payable                                              | (60,896,991)     |
| Interest payable on bonds and notes                                  | (436,674)        |
| Compensated absences                                                 | (8,041,710)      |
| Capital lease                                                        | (2,000,484)      |
| Unamortized bond premium                                             | (1,633,142)      |
| Deferred charge on refunding                                         | <u>1,182,069</u> |

|                                                     |                       |
|-----------------------------------------------------|-----------------------|
| Net Position of Governmental Activities (Exhibit I) | <u>\$ 125,192,032</u> |
|-----------------------------------------------------|-----------------------|

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, 2015**

|                                                   | <b>General</b>      | <b>Capital<br/>Projects<br/>Fund</b> | <b>Sewer<br/>Operating<br/>Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---------------------------------------------------|---------------------|--------------------------------------|-------------------------------------|--------------------------------------------|-----------------------------------------|
| Revenues:                                         |                     |                                      |                                     |                                            |                                         |
| Property taxes                                    | \$ 89,316,302       | \$                                   | \$                                  | \$                                         | \$ 89,316,302                           |
| Intergovernmental                                 | 20,827,429          | 385,658                              |                                     | 4,706,049                                  | 25,919,136                              |
| Charges for services                              | 1,523,569           | 84,265                               | 4,369,843                           | 5,437,553                                  | 11,415,230                              |
| Investment earnings                               | 52,618              |                                      | 29                                  | 8,669                                      | 61,316                                  |
| Miscellaneous                                     |                     |                                      | 26,834                              | 333,499                                    | 360,333                                 |
| Total revenues                                    | <u>111,719,918</u>  | <u>469,923</u>                       | <u>4,396,706</u>                    | <u>10,485,770</u>                          | <u>127,072,317</u>                      |
| Expenditures:                                     |                     |                                      |                                     |                                            |                                         |
| Current:                                          |                     |                                      |                                     |                                            |                                         |
| General government                                | 3,324,922           |                                      |                                     | 119,822                                    | 3,444,744                               |
| Public safety                                     | 8,163,311           |                                      |                                     | 171,529                                    | 8,334,840                               |
| Public works                                      | 7,406,192           |                                      | 3,257,559                           | 312,103                                    | 10,975,854                              |
| Human services                                    | 909,718             |                                      |                                     | 179,182                                    | 1,088,900                               |
| Culture and recreation                            | 2,728,344           |                                      |                                     | 1,981,752                                  | 4,710,096                               |
| Insurance and sundry                              | 6,467,843           |                                      |                                     |                                            | 6,467,843                               |
| Education                                         | 75,058,105          |                                      |                                     | 6,591,962                                  | 81,650,067                              |
| Debt service                                      | 6,255,201           |                                      |                                     |                                            | 6,255,201                               |
| Capital outlay                                    |                     | 7,179,399                            |                                     |                                            | 7,179,399                               |
| Total expenditures                                | <u>110,313,636</u>  | <u>7,179,399</u>                     | <u>3,257,559</u>                    | <u>9,356,350</u>                           | <u>130,106,944</u>                      |
| Excess (Deficiency) of Revenues over Expenditures | <u>1,406,282</u>    | <u>(6,709,476)</u>                   | <u>1,139,147</u>                    | <u>1,129,420</u>                           | <u>(3,034,627)</u>                      |
| Other Financing Sources (Uses):                   |                     |                                      |                                     |                                            |                                         |
| Issuance of general obligation bonds              |                     | 5,160,000                            |                                     |                                            | 5,160,000                               |
| Issuance of capital lease                         |                     | 826,352                              |                                     |                                            | 826,352                                 |
| Premium on bond issuance                          | 78,540              |                                      |                                     |                                            | 78,540                                  |
| Transfers in                                      | 55,258              | 1,727,691                            | 203,200                             | 14,663                                     | 2,000,812                               |
| Transfers out                                     | (1,711,223)         | (180,200)                            | (764,931)                           | (41,018)                                   | (2,697,372)                             |
| Total other financing sources (uses)              | <u>(1,577,425)</u>  | <u>7,533,843</u>                     | <u>(561,731)</u>                    | <u>(26,355)</u>                            | <u>5,368,332</u>                        |
| Net Change in Fund Balances                       | (171,143)           | 824,367                              | 577,416                             | 1,103,065                                  | 2,333,705                               |
| Fund Balances at Beginning of Year                | <u>7,029,505</u>    | <u>3,253,584</u>                     | <u>(182,723)</u>                    | <u>1,453,770</u>                           | <u>11,554,136</u>                       |
| Fund Balances at End of Year                      | <u>\$ 6,858,362</u> | <u>\$ 4,077,951</u>                  | <u>\$ 394,693</u>                   | <u>\$ 2,556,835</u>                        | <u>\$ 13,887,841</u>                    |

(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, 2015**

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) | \$ 2,333,705 |
|---------------------------------------------------------------------|--------------|

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

|                      |             |
|----------------------|-------------|
| Capital outlay       | 5,296,296   |
| Depreciation expense | (6,048,710) |

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                                | 438,412   |
| Property tax interest and lien revenue - accrual basis change                 | 201,213   |
| Sewer user fees and assessment receivable - accrual basis change              | 28,820    |
| Sewer user fees and assessment interest receivable - accrual basis change     | 791       |
| Deferred outflows related to changes in pension actuarial experience          | 1,049,080 |
| Deferred outflows related to changes in projected pension investment earnings | 2,014,623 |

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

|                             |             |
|-----------------------------|-------------|
| Bond principal payments     | 3,030,000   |
| Note payments               | 1,335,036   |
| Issuance of bonds and notes | (5,160,000) |
| Premium on bonds            | (78,540)    |
| Capital lease payments      | 368,717     |
| Issuance of capital lease   | (826,352)   |

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                                                 | (349,780)   |
| Accrued interest                                                     | (84,785)    |
| Amortization of deferred charge on refunding                         | (104,179)   |
| Amortization of bond premiums                                        | 202,350     |
| Net pension liability                                                | (1,862,874) |
| Deferred inflows related to changes in pension actuarial assumptions | (1,085,883) |
| Net OPEB expense                                                     | 205         |

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.

|           |
|-----------|
| (310,489) |
|-----------|

|                                                                |                   |
|----------------------------------------------------------------|-------------------|
| Change in Net Position of Governmental Activities (Exhibit II) | \$ <u>387,656</u> |
|----------------------------------------------------------------|-------------------|

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**JUNE 30, 2015**

|                             | <b>Governmental<br/>Activities<br/>Internal<br/>Service Fund</b> |
|-----------------------------|------------------------------------------------------------------|
| Assets:                     |                                                                  |
| Cash and cash equivalents   | \$ 4,520,912                                                     |
| Accounts receivable         | <u>57,298</u>                                                    |
| Total assets                | <u>4,578,210</u>                                                 |
| Liabilities:                |                                                                  |
| Accounts and other payables | <u>984,000</u>                                                   |
| Net Position:               |                                                                  |
| Unrestricted                | \$ <u><u>3,594,210</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, 2015**

|                                   | <b>Governmental<br/>Activities<br/>Internal<br/>Service Fund</b> |
|-----------------------------------|------------------------------------------------------------------|
| Operating Revenues:               |                                                                  |
| Charges for services              | \$ 15,089,140                                                    |
| Operating Expenses:               |                                                                  |
| Employee benefits                 | <u>16,103,648</u>                                                |
| Operating Loss                    | (1,014,508)                                                      |
| Nonoperating Revenue:             |                                                                  |
| Income on investments             | <u>7,459</u>                                                     |
| Loss Before Transfers             | (1,007,049)                                                      |
| Transfer In                       | <u>696,560</u>                                                   |
| Change in Net Position            | (310,489)                                                        |
| Net Position at Beginning of Year | <u>3,904,699</u>                                                 |
| Net Position at End of Year       | \$ <u><u>3,594,210</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, 2015**

|                                                                                      | <b>Governmental<br/>Activities<br/>Internal<br/>Service Fund</b> |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Cash Flows from Operating Activities:                                                |                                                                  |
| Cash received from premiums - Town departments and agencies                          | \$ 15,089,140                                                    |
| Claims paid                                                                          | <u>(16,088,855)</u>                                              |
| Net cash used in operating activities                                                | (999,715)                                                        |
| Cash Flows from Noncapital Financing Activities:                                     |                                                                  |
| Contributions from other funds                                                       | 696,560                                                          |
| Cash Flows from Investing Activities:                                                |                                                                  |
| Income from investments                                                              | <u>7,459</u>                                                     |
| Net Decrease in Cash and Cash Equivalents                                            | (295,696)                                                        |
| Cash and Cash Equivalents at Beginning of Year                                       | <u>4,816,608</u>                                                 |
| Cash and Cash Equivalents at End of Year                                             | \$ <u><u>4,520,912</u></u>                                       |
| Reconciliation of Operating Loss to Net Cash Used in<br>Operating Activities:        |                                                                  |
| Operating loss                                                                       | \$ <u>(1,014,508)</u>                                            |
| Adjustments to reconcile operating loss to net cash used in<br>operating activities: |                                                                  |
| Increase in accounts receivable                                                      | (40,207)                                                         |
| Increase in accounts and other payables                                              | <u>55,000</u>                                                    |
| Total adjustments                                                                    | <u>14,793</u>                                                    |
| Net Cash Used In Operating Activities                                                | \$ <u><u>(999,715)</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, 2015**

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|                                                          | <u>Trust<br/>Funds</u> | <u>Agency<br/>Funds</u> |
|----------------------------------------------------------|------------------------|-------------------------|
| Assets:                                                  |                        |                         |
| Cash and cash equivalents                                | \$ 1,448,252           | \$ 1,460,460            |
| Investments:                                             |                        |                         |
| Mutual funds                                             | 35,193,075             |                         |
| Accounts receivable                                      |                        | <u>5,537</u>            |
| Total assets                                             | <u>36,641,327</u>      | <u>\$ 1,465,997</u>     |
| Liabilities:                                             |                        |                         |
| Accounts payable and due to others                       |                        | \$ 4,657                |
| Due to other funds                                       |                        | <u>1,461,340</u>        |
| Total liabilities                                        | <u>-</u>               | <u>\$ 1,465,997</u>     |
| Net Position:                                            |                        |                         |
| Held in Trust for Pension Benefits<br>and Other Purposes | <u>\$ 36,641,327</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, 2015**

|                                               | <b>Trust<br/>Funds</b>      |
|-----------------------------------------------|-----------------------------|
| Additions:                                    |                             |
| Contributions:                                |                             |
| Employer                                      | \$ 3,003,411                |
| Plan members                                  | 578,827                     |
| Total contributions                           | <u>3,582,238</u>            |
| Investment earnings:                          |                             |
| Net appreciation in fair value of investments | <u>103,701</u>              |
| Total additions                               | <u>3,685,939</u>            |
| Deductions:                                   |                             |
| Benefits                                      | 2,887,349                   |
| Administration                                | <u>65,968</u>               |
| Total deductions                              | <u>2,953,317</u>            |
| Change in Net Position                        | 732,622                     |
| Net Position at Beginning of Year             | <u>35,908,705</u>           |
| Net Position at End of Year                   | <u><u>\$ 36,641,327</u></u> |

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.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

The *Pension Trust Funds* account for the activities of the South Windsor Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Other Post Employment Benefit Trust Fund* accounts for the accumulated resources and payments associated with both Town and Board of Education health insurance benefits to former qualified employees.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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.

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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 liened 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.

**G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 for equipment, \$50,000 for improvements, and \$100,000 for infrastructure and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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

**I. Compensated Absences**

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

**J. Net Pension Liability**

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

**K. Long-Term Obligations**

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

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

**L. Fund Equity**

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

**Net Investment in Capital Assets**

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

**Restricted Net Position**

Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has no assets under restriction.

**Unrestricted Net Position**

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

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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.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund and Sewer Operating Fund financial statements.

- Prior to March 15, the Board of Education submits to the Town Council a proposed budget for the year commencing July 1. Prior to March 22, the Town Manager submits to the Town Council a proposed operating budget for the general government for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. By April 15, the Town Council must have the Board of Education budget ready for public hearing and by April 22, the Town Council must have the general government budget ready for public hearing.
- By April 30, public hearings are conducted on the Board of Education budget and by May 7, public hearings are conducted on the general government budget.
- By May 15, the Town Council shall adopt the Board of Education budget and by May 22, the Town Council shall adopt the general government budget.
- The Town Manager may transfer unencumbered funds within a department budget. The Town Council may transfer unencumbered funds between departments and is authorized to make additional appropriations. There were no additional appropriations approved during the year.
- Formal budgetary integration is employed as a management control device during the year.

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- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year, or no expenditure from or encumbrance of the appropriation has been made for three consecutive fiscal years.

**B. Fund Deficits**

The BOE Accommodations Fund had a fund balance deficit as of June 30, 2015 in the amount of \$9,177. This deficit will be funded with future charges for services.

**C. Expenditures Exceeding Appropriations**

The general fund had the following lines over budget: town attorney \$918 and transfer out \$14,663.

**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.

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**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, \$30,968,076 of the Town's bank balance of \$32,766,395 was exposed to custodial credit risk as follows:

|                                                                                               |                      |
|-----------------------------------------------------------------------------------------------|----------------------|
| Uninsured and uncollateralized                                                                | \$ 27,987,331        |
| Uninsured and collateral held by the pledging bank's trust department, not in the Town's name | <u>2,980,745</u>     |
| Total Amount Subject to Custodial Credit Risk                                                 | <u>\$ 30,968,076</u> |

**Cash Equivalents**

At June 30, 2015, the Town's cash equivalents amounted to \$20,777. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

**Investments**

Investments as of June 30, 2015 in all funds are as follows:

| <u>Investment Type</u> | <u>Fair<br/>Value</u> |
|------------------------|-----------------------|
| Mutual funds           | \$ 35,277,662         |



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**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, 2015, 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.

**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<br/>Projects</u> | <u>Sewer<br/>Operating<br/>Fund</u> | <u>Nonmajor<br/>and Other<br/>Funds</u> | <u>Total</u>         |
|------------------------------------|---------------------|-----------------------------|-------------------------------------|-----------------------------------------|----------------------|
| Receivables:                       |                     |                             |                                     |                                         |                      |
| Interest                           | \$ 2,298,536        | \$                          | \$ 35,862                           | \$                                      | \$ 2,334,398         |
| Taxes                              | 4,290,763           |                             |                                     |                                         | 4,290,763            |
| Accounts                           | 65,339              |                             | 572,921                             | 76,091                                  | 714,351              |
| Intergovernmental                  | 8,599               | 3,802,839                   |                                     | 178,120                                 | 3,989,558            |
| Special assessments                |                     |                             | 4,670                               |                                         | 4,670                |
| Gross receivables                  | <u>6,663,237</u>    | <u>3,802,839</u>            | <u>613,453</u>                      | <u>254,211</u>                          | <u>11,333,740</u>    |
| Less allowance for uncollectibles: |                     |                             |                                     |                                         |                      |
| Taxes                              | <u>(986,875)</u>    |                             |                                     |                                         | <u>(986,875)</u>     |
| Net Total Receivables              | <u>\$ 5,676,362</u> | <u>\$ 3,802,839</u>         | <u>\$ 613,453</u>                   | <u>\$ 254,211</u>                       | <u>\$ 10,346,865</u> |

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**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

|                                             | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>      | <u>Ending<br/>Balance</u> |
|---------------------------------------------|------------------------------|---------------------|-----------------------|---------------------------|
| Governmental activities:                    |                              |                     |                       |                           |
| Capital assets not being depreciated:       |                              |                     |                       |                           |
| Land                                        | \$ 17,266,366                | \$ 583,729          | \$                    | \$ 17,850,095             |
| Construction in progress                    | 9,021,956                    | 2,591,627           | (8,793,224)           | 2,820,359                 |
| Total capital assets not being depreciated  | <u>26,288,322</u>            | <u>3,175,356</u>    | <u>(8,793,224)</u>    | <u>20,670,454</u>         |
| Capital assets being depreciated:           |                              |                     |                       |                           |
| Buildings                                   | 127,851,704                  |                     |                       | 127,851,704               |
| Improvements other than buildings           | 21,120,111                   | 4,466,682           |                       | 25,586,793                |
| Furniture and equipment                     | 17,626,662                   | 1,755,770           | (15,800)              | 19,366,632                |
| Infrastructure                              | 132,444,862                  | 4,691,712           |                       | 137,136,574               |
| Total capital assets being depreciated      | <u>299,043,339</u>           | <u>10,914,164</u>   | <u>(15,800)</u>       | <u>309,941,703</u>        |
| Less accumulated depreciation for:          |                              |                     |                       |                           |
| Buildings                                   | (60,784,107)                 | (1,681,176)         |                       | (62,465,283)              |
| Improvements other than buildings           | (7,271,976)                  | (762,947)           |                       | (8,034,923)               |
| Furniture and equipment                     | (11,642,295)                 | (1,268,771)         | 15,800                | (12,895,266)              |
| Infrastructure                              | (57,365,209)                 | (2,335,816)         |                       | (59,701,025)              |
| Total accumulated depreciation              | <u>(137,063,587)</u>         | <u>(6,048,710)</u>  | <u>15,800</u>         | <u>(143,096,497)</u>      |
| Total capital assets being depreciated, net | <u>161,979,752</u>           | <u>4,865,454</u>    | <u>-</u>              | <u>166,845,206</u>        |
| Governmental Activities Capital Assets, Net | <u>\$ 188,268,074</u>        | <u>\$ 8,040,810</u> | <u>\$ (8,793,224)</u> | <u>\$ 187,515,660</u>     |

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

|                                                      |                     |
|------------------------------------------------------|---------------------|
| Governmental activities:                             |                     |
| General Government                                   | \$ 99,967           |
| Public Safety                                        | 629,780             |
| Public Works                                         | 2,910,138           |
| Culture and recreation                               | 420,076             |
| Human Services                                       | 17,826              |
| Education                                            | <u>1,970,923</u>    |
| Total Depreciation Expense - Governmental Activities | <u>\$ 6,048,710</u> |

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**Construction Commitments**

The Town has active construction projects as of June 30, 2015. At year end, the Town's commitments with contractors are as follows:

| <u>Project</u>            | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|---------------------------|----------------------|-----------------------------|
| Water Pollution Upgrades  | \$ 53,687            | \$ 445,635                  |
| Road Improvement Projects | 3,120,277            | 3,085,897                   |

The commitments are being financed by General Fund appropriations, permanent financing and participation in the State's Clean Water Fund 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, 2015 is presented below:

| <u>Receivable Fund</u>      | <u>Payable Fund</u>         | <u>Amount</u>        |
|-----------------------------|-----------------------------|----------------------|
| General Fund                | Nonmajor Governmental Funds | \$ 843,086           |
| Sewer Fund                  | General Fund                | 498,722              |
| Sewer Fund                  | Capital Projects Fund       | 180,200              |
| Capital Projects Funds      | General Fund                | 7,984,249            |
| Capital Projects Funds      | Sewer Fund                  | 242,691              |
| Nonmajor Governmental Funds | General Fund                | <u>2,355,160</u>     |
| Total                       |                             | <u>\$ 12,104,108</u> |

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

Interfund transfers:

|                       | <u>Transfers In</u> |                         |                        |                              |                         | <u>Total Transfers Out</u> |
|-----------------------|---------------------|-------------------------|------------------------|------------------------------|-------------------------|----------------------------|
|                       | <u>General Fund</u> | <u>Capital Projects</u> | <u>Sewer Operating</u> | <u>Nonmajor Governmental</u> | <u>Internal Service</u> |                            |
| Transfers out:        |                     |                         |                        |                              |                         |                            |
| General Fund          | \$                  | \$ 1,000,000            | \$                     | \$ 14,663                    | \$ 696,560              | \$ 1,711,223               |
| Sewer Assessment      | 37,240              | 727,691                 |                        |                              |                         | 764,931                    |
| Capital Projects      |                     |                         | 180,200                |                              |                         | 180,200                    |
| Nonmajor Governmental | <u>18,018</u>       |                         | <u>23,000</u>          |                              |                         | <u>41,018</u>              |
| Total Transfers In    | <u>\$ 55,258</u>    | <u>\$ 1,727,691</u>     | <u>\$ 203,200</u>      | <u>\$ 14,663</u>             | <u>\$ 696,560</u>       | <u>\$ 2,697,372</u>        |

Transfers are for regularly reoccurring operational transactions.

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**7. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

A schedule of long-term liabilities outstanding at June 30, 2015 is presented below:

|                                                        | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Reductions</u>     | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--------------------------------------------------------|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| Bonds payable:                                         |                              |                     |                       |                           |                                |
| Bonds and notes payable \$                             | 60,102,027                   | \$ 5,160,000        | \$ (4,365,036)        | \$ 60,896,991             | \$ 4,366,982                   |
| Premiums                                               | <u>1,756,952</u>             | <u>78,540</u>       | <u>(202,350)</u>      | <u>1,633,142</u>          |                                |
|                                                        | 61,858,979                   | 5,238,540           | (4,567,386)           | 62,530,133                | 4,366,982                      |
| Capital leases                                         | 1,542,849                    | 826,352             | (368,717)             | 2,000,484                 | 393,388                        |
| Compensated absences                                   | 7,691,930                    | 374,142             | (24,362)              | 8,041,710                 | 1,723,390                      |
| Net pension liability                                  | <u>14,047,357</u>            | <u>1,862,874</u>    |                       | <u>15,910,231</u>         |                                |
| Total Governmental Activities<br>Long-Term Liabilities | <u>\$ 85,141,115</u>         | <u>\$ 8,301,908</u> | <u>\$ (4,960,465)</u> | <u>\$ 88,482,558</u>      | <u>\$ 6,483,760</u>            |

Bonds and notes payable at June 30, 2015 comprise the following:

| <u>Description</u>                                 | <u>Date of<br/>Issue</u> | <u>Date of<br/>Maturity</u> | <u>Interest<br/>Rate (%)</u> | <u>Amount of<br/>Original<br/>Issue</u> | <u>Balance<br/>Outstanding<br/>June 30, 2015</u> |
|----------------------------------------------------|--------------------------|-----------------------------|------------------------------|-----------------------------------------|--------------------------------------------------|
| General Purpose:                                   |                          |                             |                              |                                         |                                                  |
| Improvement bond                                   | 2/22/2011                | 2/15/2031                   | 4.0-5.0%                     | \$ 9,650,000                            | \$ 500,000                                       |
| Refunding bond                                     | 3/13/2012                | 8/1/2025                    | 2.0-4.0%                     | 15,185,000                              | 14,730,000                                       |
| Improvement bond                                   | 2/15/2012                | 2/15/2022                   | 1.0-2.0%                     | 2,000,000                               | 1,400,000                                        |
| Improvement bond                                   | 2/19/2014                | 2/15/2034                   | 2.0-5.0%                     | 2,100,000                               | 2,100,000                                        |
| Refunding bond                                     | 6/4/2014                 | 8/15/2022                   | 2.0-5.0%                     | 4,222,000                               | 4,222,000                                        |
| Improvement bond                                   | 2/18/2015                | 2/15/2035                   | 1.75-4.0%                    | 1,900,000                               | 1,900,000                                        |
| Schools:                                           |                          |                             |                              |                                         |                                                  |
| Improvement bond                                   | 2/15/2009                | 2/15/2024                   | 3.00-5.00%                   | 4,820,000                               | 350,000                                          |
| Improvement bond                                   | 2/19/2014                | 2/15/2034                   | 2.0-5.0%                     | 2,470,000                               | 2,470,000                                        |
| Refunding bond                                     | 6/4/2014                 | 8/15/2022                   | 2.0-5.0%                     | 2,393,000                               | 2,393,000                                        |
| Improvement bond                                   | 2/18/2015                | 2/15/2035                   | 1.75-4.0%                    | 3,260,000                               | 3,260,000                                        |
| Sewer:                                             |                          |                             |                              |                                         |                                                  |
| Clean Water Note Vernon<br>treatment plant upgrade | 1/1/2002                 | 7/1/2021                    | 2%                           | 800,000                                 | 271,816                                          |
| Clean Water Note Pleasant                          | 12/31/1997               | 12/31/2016                  | 2%                           | 482,056                                 | 42,806                                           |
| Clean Water Note Submersible<br>station            | 11/30/2005               | 5/31/2025                   | 2%                           | 402,727                                 | 217,704                                          |
| Clean Water Note                                   | 12/28/2006               | 7/1/2026                    | 2%                           | 1,568,029                               | 936,762                                          |
| Improvement bond                                   | 10/31/2012               | 12/30/2032                  | 2%                           | 27,516,583                              | 24,352,903                                       |
|                                                    | 2/19/2014                | 2/15/2034                   | 2.0-5.0%                     | 1,750,000                               | <u>1,750,000</u>                                 |
| Total                                              |                          |                             |                              |                                         | <u>\$ 60,896,991</u>                             |

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The following is a schedule of future debt service requirements as of June 30, 2015:

| <b>Fiscal<br/>Year Ending</b> | <b>Principal<br/>Payments</b> | <b>Interest<br/>Payments</b> | <b>Total Debt<br/>Service</b> |
|-------------------------------|-------------------------------|------------------------------|-------------------------------|
| 2016                          | \$ 4,366,982                  | \$ 1,637,212                 | \$ 6,004,194                  |
| 2017                          | 4,764,916                     | 1,477,026                    | 6,241,942                     |
| 2018                          | 3,832,966                     | 1,339,706                    | 5,172,672                     |
| 2019                          | 3,720,981                     | 1,232,890                    | 4,953,871                     |
| 2020                          | 3,699,562                     | 1,128,335                    | 4,827,897                     |
| 2021-2025                     | 17,949,253                    | 3,999,389                    | 21,948,642                    |
| 2026-2030                     | 15,403,597                    | 1,914,286                    | 17,317,883                    |
| 2031-2035                     | <u>7,158,734</u>              | <u>370,752</u>               | <u>7,529,486</u>              |
|                               | <u>\$ 60,896,991</u>          | <u>\$ 13,099,596</u>         | <u>\$ 73,996,587</u>          |

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

The Town issued \$5,160,000 of general obligation bonds on February 5, 2015 for various capital improvement projects.

**General Obligation Bonds - Advance Refunding**

In prior years, the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2015, \$7,650,000 of the defeased debt is outstanding and \$7,926,385 is the balance remaining in escrow.

**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:

| <b>Category</b> | <b>Debt<br/>Limit</b> | <b>Net<br/>Indebtedness</b> | <b>Balance</b> |
|-----------------|-----------------------|-----------------------------|----------------|
| General purpose | \$ 200,774,369        | \$ 24,855,082               | \$ 175,919,287 |
| Schools         | 401,548,739           | 8,473,000                   | 393,075,739    |
| Sewers          | 334,623,949           | 39,295,403                  | 295,328,546    |
| Urban renewal   | 290,007,422           |                             | 290,007,422    |
| Pension deficit | 267,699,159           |                             | 267,699,159    |

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$624,631,371.

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Authorized and unissued debt is as follows:

|                                                        | <u>Authorized</u> | <u>Bonds<br/>and BANS<br/>Issued</u> | <u>Grants</u> | <u>Authorized<br/>but Unissued<br/>Debt</u> |
|--------------------------------------------------------|-------------------|--------------------------------------|---------------|---------------------------------------------|
| Water Pollution Control Facility                       | \$ 47,000,000     | \$ 27,516,583                        | \$ 7,760,005  | \$ 11,723,412                               |
| Storm Albert Debris Management<br>and Removal Services | 8,000,000         | 2,000,000                            | 5,996,918     | 3,082                                       |

**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                     | \$ 3,773,415        |
| Accumulated depreciation | <u>(831,217)</u>    |
| Net Leased Equipment     | <u>\$ 2,942,198</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, 2015:

| <u>Fiscal Year</u>                         | <u>Amount</u>       |
|--------------------------------------------|---------------------|
| 2016                                       | \$ 461,707          |
| 2017                                       | 452,085             |
| 2018                                       | 339,875             |
| 2019                                       | 300,801             |
| 2020                                       | 184,687             |
| 2021-2024                                  | 495,656             |
| Less amount representing interest          | <u>(234,327)</u>    |
| Present Value of Minimum<br>Lease Payments | <u>\$ 2,000,484</u> |

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
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**Bond Anticipation Notes**

The Town issued bond anticipation notes on February 18, 2015 maturing on February 17, 2016 for \$7,160,000. The current interest rate on the notes is 1.25% 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, 2015:

| <b>Project</b>                  | <b>Date<br/>Issued</b> | <b>Maturity<br/>Date</b> | <b>Interest<br/>Rate (%)</b> | <b>Balance<br/>7/1/2014</b> | <b>Issued</b>       | <b>Retired</b>        | <b>Balance<br/>6/30/2015</b> |
|---------------------------------|------------------------|--------------------------|------------------------------|-----------------------------|---------------------|-----------------------|------------------------------|
| Various School Projects         | 2/19/2014              | 2/18/2015                | 1.00%                        | \$ 4,420,000                | \$                  | \$ (4,420,000)        | \$ -                         |
| Various School Projects         | 2/18/2015              | 2/17/2016                | 1.25%                        |                             | 1,160,000           |                       | 1,160,000                    |
| Road and Drainage Improvements  | 2/19/2014              | 2/18/2015                | 1.00%                        | 1,900,000                   |                     | (1,900,000)           | -                            |
| Road and Drainage Improvements  | 2/18/2015              | 2/17/2016                | 1.25%                        |                             | 5,500,000           |                       | 5,500,000                    |
| Orchard Hill Elementary Project | 2/20/2013              | 2/19/2014                | 1.25%                        |                             | 500,000             |                       | 500,000                      |
| Total                           |                        |                          |                              | <u>\$ 6,320,000</u>         | <u>\$ 7,160,000</u> | <u>\$ (6,320,000)</u> | <u>\$ 7,160,000</u>          |

**8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

*Pension Trust Fund*

**A. Plan Description and Benefits Provided**

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

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

As of January 1, 2014, the plans' membership consisted of:

|                                                                    | <b>Town<br/>Plan</b> | <b>Board of<br/>Education<br/>Plan</b> |
|--------------------------------------------------------------------|----------------------|----------------------------------------|
| Retirees and beneficiaries currently receiving benefits            | 73                   | 58                                     |
| Terminated members entitled to benefits but not yet receiving them | 16                   | 15                                     |
| Inactive participants                                              | 5                    | 6                                      |
| Current active members                                             | 94                   | 82                                     |
| Total                                                              | <u>188</u>           | <u>161</u>                             |

## **B. Summary of Significant Accounting Policies and Plan Asset Matters**

### **Basis of Accounting**

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

### **Valuation of Investments**

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

### **Benefit Provisions**

#### **Town Plan**

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

#### **Board of Education Plan**

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

## **C. Funding Policy**

### **Employer Contributions**

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

### **Employee Contributions**

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



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**D. Investments**

**Investment Policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2015:

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

**Rate of Return**

For the year ended June 30, 2015, 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 0.30% and 0.26%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**E. Net Pension Liability of the Town**

The components of the net pension liability of the Town and Board of Education plans at June 30, 2015, were as follows:

|                                                                            | <b>Town</b>          | <b>Board of Education</b> |
|----------------------------------------------------------------------------|----------------------|---------------------------|
| Total pension liability                                                    | \$ 37,268,971        | \$ 13,834,335             |
| Plan fiduciary net position                                                | <u>23,202,956</u>    | <u>11,990,119</u>         |
| Net Pension Liability                                                      | <u>\$ 14,066,015</u> | <u>\$ 1,844,216</u>       |
| Plan fiduciary net position as a percentage of the total pension liability | 62%                  | 87%                       |

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**Actuarial Assumptions**

The total pension liability for the Town and Board of Education plans were determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                                                                                                              |
|---------------------------|--------------------------------------------------------------------------------------------------------------|
| Inflation                 | 2.7%                                                                                                         |
| Salary increases          | 3.0%, average, including inflation                                                                           |
| Investment rate of return | 7.50% for the Town and Board of Education,<br>net of pension plan investment<br>expense, including inflation |

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

**Discount Rate**

The discount rate used to measure the total pension liability for the Town and Board of Education plans was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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, 2015 from 6.98% to 7.50%.

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

The following presents the net pension liability of the Town and Board of Education, calculated using the discount rate of 7.50%, 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:

|                                            | <b>1% Decrease<br/>(6.50%)</b> | <b>Current Discount<br/>Rate (7.50%)</b> | <b>1% Increase<br/>(8.50%)</b> |
|--------------------------------------------|--------------------------------|------------------------------------------|--------------------------------|
| Town's Net Pension Liability               | \$ 17,972,410                  | \$ 14,066,015                            | \$ 10,754,620                  |
| Board of Education's Net Pension Liability | 3,149,906                      | 1,844,216                                | 719,165                        |

**F. Changes in the Net Pension Liability**

| <b>Town Pension Plan</b>                                     |                                            |                                                |                                              |
|--------------------------------------------------------------|--------------------------------------------|------------------------------------------------|----------------------------------------------|
|                                                              | <b>Increase (Decrease)</b>                 |                                                |                                              |
|                                                              | <b>Total Pension<br/>Liability<br/>(a)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net Pension<br/>Liability<br/>(a)-(b)</b> |
| Balances as of June 30, 2014                                 | \$ 36,193,548                              | \$ 22,654,346                                  | \$ 13,539,202                                |
| Changes for the year:                                        |                                            |                                                |                                              |
| Service cost                                                 | 597,904                                    |                                                | 597,904                                      |
| Interest on total pension liability                          | 2,658,282                                  |                                                | 2,658,282                                    |
| Differences between expected and actual experience           | 1,272,460                                  |                                                | 1,272,460                                    |
| Changes in assumptions                                       | (1,861,513)                                |                                                | (1,861,513)                                  |
| Employer contributions                                       |                                            | 1,727,470                                      | (1,727,470)                                  |
| Member contributions                                         |                                            | 382,108                                        | (382,108)                                    |
| Net investment income                                        |                                            | 70,803                                         | (70,803)                                     |
| Benefit payments, including refund to employee contributions | (1,591,710)                                | (1,591,710)                                    | -                                            |
| Administrative expenses                                      |                                            | (40,061)                                       | 40,061                                       |
| Net changes                                                  | 1,075,423                                  | 548,610                                        | 526,813                                      |
| Balances as of June 30, 2015                                 | \$ 37,268,971                              | \$ 23,202,956                                  | \$ 14,066,015                                |

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Amounts reported as changes in assumptions resulted from the change in the discount rate from 6.98% to 7.50%.

| <b>Board of Education Pension Plan</b>                       |                                    |                                        |                                      |
|--------------------------------------------------------------|------------------------------------|----------------------------------------|--------------------------------------|
|                                                              | <b>Increase (Decrease)</b>         |                                        |                                      |
|                                                              | <b>Total Pension Liability (a)</b> | <b>Plan Fiduciary Net Position (b)</b> | <b>Net Pension Liability (a)-(b)</b> |
| Balances as of June 30, 2014                                 | \$ 12,627,232                      | \$ 12,119,077                          | \$ 508,155                           |
| Changes for the year:                                        |                                    |                                        |                                      |
| Service cost                                                 | 359,500                            |                                        | 359,500                              |
| Interest on total pension liability                          | 986,463                            |                                        | 986,463                              |
| Differences between expected and actual experience           | 460,218                            |                                        | 460,218                              |
| Changes in assumptions                                       |                                    |                                        | -                                    |
| Employer contributions                                       |                                    | 268,665                                | (268,665)                            |
| Member contributions                                         |                                    | 196,719                                | (196,719)                            |
| Net investment income                                        |                                    | 30,643                                 | (30,643)                             |
| Benefit payments, including refund to employee contributions | (599,078)                          | (599,078)                              | -                                    |
| Administrative expenses                                      |                                    | (25,907)                               | 25,907                               |
| Net changes                                                  | 1,207,103                          | (128,958)                              | 1,336,061                            |
| Balances as of June 30, 2015                                 | \$ 13,834,335                      | \$ 11,990,119                          | \$ 1,844,216                         |

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

For the year ended June 30, 2015, the Town and Board of Education pension plans recognized pension expense of \$1,281,204 and \$599,985, respectively. At June 30, 2015, 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:

|                                                                                 | <b>Town</b>                           |                                      |
|---------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|
|                                                                                 | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> |
| Differences between expected and actual experience                              | \$ 742,268                            | \$                                   |
| Changes of assumptions                                                          |                                       | 1,085,883                            |
| Net difference between projected and actual earning on pension plan investments | 1,316,694                             |                                      |
| Total                                                                           | \$ 2,058,962                          | \$ 1,085,883                         |

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|                                                                                    | <b>Board of Education</b>                     |                                              |
|------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
|                                                                                    | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Differences between expected and actual experience                                 | \$ 306,812                                    | \$                                           |
| Changes of assumptions                                                             |                                               |                                              |
| Net difference between projected and<br>actual earning on pension plan investments | <u>697,929</u>                                | <u></u>                                      |
| Total                                                                              | <u>\$ 1,004,741</u>                           | <u>\$ -</u>                                  |

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

| <b><u>Year Ending June 30</u></b> | <b><u>Town</u></b> | <b><u>BOE</u></b> |
|-----------------------------------|--------------------|-------------------|
| 2016                              | \$ 83,735          | \$ 327,888        |
| 2017                              | 230,996            | 327,888           |
| 2018                              | 329,173            | 174,482           |
| 2019                              | 329,175            | 174,483           |

**H. Combining Statements**

**Schedule of Plan Assets**

|                                                 | <b><u>Town<br/>Plan</u></b> | <b><u>Board of<br/>Education<br/>Plan</u></b> | <b><u>Total</u></b>  |
|-------------------------------------------------|-----------------------------|-----------------------------------------------|----------------------|
| Assets:                                         |                             |                                               |                      |
| Investments, at fair value:                     |                             |                                               |                      |
| Mutual funds                                    | \$ <u>23,202,956</u>        | \$ <u>11,990,119</u>                          | \$ <u>35,193,075</u> |
| Net Position Held in Trust for Pension Benefits | \$ <u>23,202,956</u>        | \$ <u>11,990,119</u>                          | \$ <u>35,193,075</u> |

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
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|                               | <b>Schedule of Changes in Plan Net Assets</b> |                                |               |
|-------------------------------|-----------------------------------------------|--------------------------------|---------------|
|                               | <b>Town Plan</b>                              | <b>Board of Education Plan</b> | <b>Total</b>  |
| Additions:                    |                                               |                                |               |
| Contributions:                |                                               |                                |               |
| Employer                      | \$ 1,727,470                                  | \$ 268,665                     | \$ 1,996,135  |
| Employee                      | 382,108                                       | 196,719                        | 578,827       |
| Total contributions           | 2,109,578                                     | 465,384                        | 2,574,962     |
| Investment income:            |                                               |                                |               |
| Net investment gains          | 70,803                                        | 30,643                         | 101,446       |
| Total additions               | 2,180,381                                     | 496,027                        | 2,676,408     |
| Deductions:                   |                                               |                                |               |
| Benefits                      | 1,591,710                                     | 599,078                        | 2,190,788     |
| Administration                | 40,061                                        | 25,907                         | 65,968        |
| Total deductions              | 1,631,771                                     | 624,985                        | 2,256,756     |
| Changes in Net Position       | 548,610                                       | (128,958)                      | 419,652       |
| Net Position at July 1, 2014  | 22,654,346                                    | 12,119,077                     | 34,773,423    |
| Net Position at June 30, 2015 | \$ 23,202,956                                 | \$ 11,990,119                  | \$ 35,193,075 |

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

**B. Benefit Provisions**

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

**Normal Retirement**

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

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**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.

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

At June 30, 2015, 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>84,668,946</u>    |
| Total                                                                             | <u>\$ 84,668,946</u> |

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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For the year ended June 30, 2015, the Town recognized pension expense and revenue of \$6,352,592 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, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

| <b>Asset Class</b>          | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|-----------------------------|--------------------------|-----------------------------------------------|
| Large Cap U.S. equities     | 21.0%                    | 7.3%                                          |
| Developed non-U.S. equities | 18.0%                    | 7.5%                                          |
| Emerging markets (non-U.S.) | 9.0%                     | 8.6%                                          |
| Core fixed income           | 7.0%                     | 1.7%                                          |
| Inflation linked bond fund  | 3.0%                     | 1.3%                                          |
| Emerging market bond        | 5.0%                     | 4.8%                                          |
| High yield bonds            | 5.0%                     | 3.7%                                          |
| Real estate                 | 7.0%                     | 5.9%                                          |
| Private equity              | 11.0%                    | 10.9%                                         |
| Alternative investments     | 8.0%                     | 0.7%                                          |
| Liquidity fund              | 6.0%                     | 0.0%                                          |
| Total                       | 100.0%                   |                                               |



**F. Discount Rate**

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

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

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

**H. Pension Plan Fiduciary Net Position**

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

**I. Other Information**

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

*Defined Contribution Plan*

**A. Plan Description**

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

**B. Plan Provisions**

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

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

The employer contribution for members of the Police Union hired after July 1, 2005 and Public Works, Community Service Officers and Pollution Control Unions hired after July 1, 2008 is 6.0% of earnings. The total Town contribution during the year ended June 30, 2015 for these groups was \$67,714 and represented 6.0% of covered payroll. The employees' contributions were \$75,775 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, 2015 for this group was \$329,943 and represented 12.07% of covered payroll. The employees' required contributions were \$124,491 and represented 4.5% of covered payroll. The authority to establish and amend contribution requirements is by the Town Council.

**D. Employer and Employee Obligations**

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

**9. FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2015 are as follows:

|                           | <u>General<br/>Fund</u> | <u>Capital<br/>Projects</u> | <u>Sewer<br/>Operating<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total</u>  |
|---------------------------|-------------------------|-----------------------------|-------------------------------------|--------------------------------------------|---------------|
| Fund balances:            |                         |                             |                                     |                                            |               |
| Nonspendable:             |                         |                             |                                     |                                            |               |
| Inventory                 | \$                      | \$                          | \$                                  | \$ 51,128                                  | \$ 51,128     |
| Prepaid items             | 970                     |                             |                                     | 5,550                                      | 6,520         |
| Restricted for:           |                         |                             |                                     |                                            |               |
| Education                 |                         |                             |                                     | 10,692                                     | 10,692        |
| Public safety             |                         |                             |                                     | 69,158                                     | 69,158        |
| Public works              |                         |                             |                                     | 381,687                                    | 381,687       |
| Health and welfare        |                         |                             |                                     | 396,380                                    | 396,380       |
| Committed to:             |                         |                             |                                     |                                            |               |
| General government        |                         | 529,973                     |                                     | 382,877                                    | 912,850       |
| Public safety             |                         |                             |                                     | 65,233                                     | 65,233        |
| WPCA capital improvements |                         | 314,890                     |                                     |                                            | 314,890       |
| Public works              |                         | 3,233,088                   | 394,693                             |                                            | 3,627,781     |
| Culture and recreation    |                         |                             |                                     | 1,091,807                                  | 1,091,807     |
| Education                 |                         |                             |                                     | 130,805                                    | 130,805       |
| Assigned to:              |                         |                             |                                     |                                            |               |
| Subsequent year's budget  | 1,100,000               |                             |                                     |                                            | 1,100,000     |
| General government        | 10,265                  |                             |                                     |                                            | 10,265        |
| Public safety             | 33,490                  |                             |                                     |                                            | 33,490        |
| Public works              | 69,120                  |                             |                                     |                                            | 69,120        |
| Health and welfare        | 2,924                   |                             |                                     |                                            | 2,924         |
| Culture and recreation    | 27,476                  |                             |                                     |                                            | 27,476        |
| Education                 | 284,478                 |                             |                                     |                                            | 284,478       |
| Unassigned                | 5,329,639               |                             |                                     | (28,482)                                   | 5,301,157     |
| Total Fund Balances       | \$ 6,858,362            | \$ 4,077,951                | \$ 394,693                          | \$ 2,556,835                               | \$ 13,887,841 |

Encumbrances of \$427,753 are contained in the above table in the assigned categories of the General Fund and \$23,745 and \$19,939 in the committed category of the Sewer Operating fund and nonmajor governmental funds, respectively.

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**10. RISK MANAGEMENT**

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

A third party administers the medical insurance plan for which the Town pays a fee. The Town has purchased a stop loss policy for total claims in any one year exceeding an aggregate of 120% of expected claims and for individual claims exceeding \$150,000.

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

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

|                         | <b>Claims<br/>Payable<br/>July 1</b> | <b>Current<br/>Year Claims<br/>and Changes<br/>in Estimates</b> | <b>Claims<br/>Payments</b> | <b>Claims<br/>Payable<br/>June 30</b> |
|-------------------------|--------------------------------------|-----------------------------------------------------------------|----------------------------|---------------------------------------|
| Medical Insurance Fund: |                                      |                                                                 |                            |                                       |
| 2013-2014               | \$ 869,639                           | \$ 15,202,599                                                   | \$ 15,143,238              | \$ 929,000                            |
| 2014-2015               | 929,000                              | 16,103,648                                                      | 16,048,648                 | 984,000                               |

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.

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

## **11. OTHER POSTEMPLOYMENT BENEFITS**

### **A. Plan Description**

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

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

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

### **B. Funding Policy**

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. The Town has established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits, which is reported as a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town have also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums. The funding strategy for postemployment obligations is based on the following:

#### **Teachers and Administrators**

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Board of Education SWESS (Support Staff), BOE Non-Union, BOE Custodians/Maintenance, BOE Food-Service Staff and BOE Nurses**

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

**Police**

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

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

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

**Town (Pollution Union, Dispatchers and Public Works)**

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

**Annual OPEB Cost and Net OPEB Obligations**

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

|                                            |                    |
|--------------------------------------------|--------------------|
| Annual required contribution (ARC)         | \$ 1,007,276       |
| Interest on OPEB obligation                | (1,966)            |
| Adjustment to annual required contribution | <u>1,761</u>       |
| Annual OPEB cost                           | 1,007,071          |
| Contributions made                         | <u>1,007,276</u>   |
| Change in net OPEB asset                   | (205)              |
| Net OPEB asset, beginning of year          | <u>(26,215)</u>    |
| Net OPEB Asset, End of Year                | <u>\$ (26,420)</u> |

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ended June 30, 2015 is presented below:

| <b>Fiscal<br/>Year<br/>Ended</b> |    | <b>Annual<br/>OPEB<br/>Cost (AOC)</b> | <b>Actual<br/>Contribution</b> | <b>Percentage<br/>of AOC<br/>Contributed</b> | <b>Net<br/>OPEB<br/>Obligation<br/>(Asset)</b> |
|----------------------------------|----|---------------------------------------|--------------------------------|----------------------------------------------|------------------------------------------------|
| 6/30/2013                        | \$ | 864,519                               | \$ 864,000                     | 99%                                          | \$ 36,318                                      |
| 6/30/2014                        |    | 864,467                               | 927,000                        | 107                                          | (26,215)                                       |
| 6/30/2015                        |    | 1,007,071                             | 1,007,276                      | 100                                          | (26,420)                                       |

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

**Schedule of Funding Progress**

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

**Schedule of Employer Contributions**

| <b>Fiscal<br/>Year</b> | <b>Annual<br/>Required<br/>Contribution</b> | <b>Percentage<br/>Contributed</b> |
|------------------------|---------------------------------------------|-----------------------------------|
| 6/30/2013              | \$ 864,000                                  | 100%                              |
| 6/30/2014              | 864,000                                     | 107%                              |
| 6/30/2015              | 1,007,276                                   | 100%                              |

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

**12. CONTINGENT LIABILITIES**

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

**13. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT**

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27:

|                                                           |                       |
|-----------------------------------------------------------|-----------------------|
| Net position at June 30, 2014, as previously reported     | \$ 135,438,251        |
| Adjustments:                                              |                       |
| Eliminate net pension obligation reported per GASB No. 27 | 3,413,482             |
| Record net pension liability per GASB No. 68              | <u>(14,047,357)</u>   |
| Net Position at July 1, 2014, as Restated                 | <u>\$ 124,804,376</u> |

**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, 2015**

|                                         | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>      | <u>Variance With<br/>Final Budget<br/>Over (Under)</u> |
|-----------------------------------------|----------------------------|-------------------------|--------------------|--------------------------------------------------------|
| Property Taxes:                         |                            |                         |                    |                                                        |
| Current taxes                           | \$ 87,696,371              | \$ 87,696,371           | \$ 87,115,043      | \$ (581,328)                                           |
| Delinquent taxes                        | 600,000                    | 600,000                 | 695,978            | 95,978                                                 |
| Supplemental motor vehicles             | 600,000                    | 600,000                 | 916,493            | 316,493                                                |
| Interest                                | 300,000                    | 300,000                 | 497,279            | 197,279                                                |
| Liens                                   | 4,000                      | 4,000                   | 6,420              | 2,420                                                  |
| Telephone access relief                 | 40,000                     | 40,000                  | 85,089             | 45,089                                                 |
| Total property taxes                    | <u>89,240,371</u>          | <u>89,240,371</u>       | <u>89,316,302</u>  | <u>75,931</u>                                          |
| Intergovernmental:                      |                            |                         |                    |                                                        |
| State assistance - education:           |                            |                         |                    |                                                        |
| Education equalization                  | 13,071,926                 | 13,071,926              | 12,613,396         | (458,530)                                              |
| Other assistance:                       |                            |                         |                    |                                                        |
| Elderly tax freeze                      | 3,000                      | 3,000                   | 3,664              | 664                                                    |
| State in lieu of taxes                  | 20,000                     | 20,000                  | 155,040            | 135,040                                                |
| DOT Elderly Transportation              |                            |                         | 33,444             | 33,444                                                 |
| Elderly tax relief                      | 135,000                    | 135,000                 | 148,759            | 13,759                                                 |
| State sundry grants                     |                            |                         | 224,208            | 224,208                                                |
| Youth service grants                    | 20,000                     | 20,000                  | 22,734             | 2,734                                                  |
| Municipal grants-in-aid                 | 1,258,566                  | 1,258,566               | 1,258,566          | -                                                      |
| Veterans' exemption                     | 14,000                     | 14,000                  | 15,026             | 1,026                                                  |
| Total intergovernmental                 | <u>14,522,492</u>          | <u>14,522,492</u>       | <u>14,474,837</u>  | <u>(47,655)</u>                                        |
| Charges for Services:                   |                            |                         |                    |                                                        |
| Building permits                        | 600,000                    | 600,000                 | 653,105            | 53,105                                                 |
| Probate court rentals                   | 4,000                      | 4,000                   | 7,153              | 3,153                                                  |
| Town Clerk fees                         | 475,000                    | 475,000                 | 495,581            | 20,581                                                 |
| Planning and zoning fees                | 5,000                      | 5,000                   | 20,331             | 15,331                                                 |
| General government sundry               | 100,000                    | 100,000                 | 134,800            | 34,800                                                 |
| Police                                  | 26,000                     | 26,000                  | 23,994             | (2,006)                                                |
| Recycling rebate                        |                            |                         | 65,229             | 65,229                                                 |
| Engineering permits                     | 5,000                      | 5,000                   | 5,810              | 810                                                    |
| Zoning board of appeals                 | 2,000                      | 2,000                   | 650                | (1,350)                                                |
| Refuse and recycling                    | 125,000                    | 125,000                 | 63,146             | (61,854)                                               |
| Fire Marshal fees                       | 75,000                     | 75,000                  | 53,770             | (21,230)                                               |
| Total charges for services              | <u>1,417,000</u>           | <u>1,417,000</u>        | <u>1,523,569</u>   | <u>106,569</u>                                         |
| Investment Earnings                     | <u>25,000</u>              | <u>25,000</u>           | <u>52,618</u>      | <u>27,618</u>                                          |
| Other Revenues:                         |                            |                         |                    |                                                        |
| Cancellation of prior year encumbrances |                            |                         | 80,173             | 80,173                                                 |
| Total Revenues                          | <u>105,204,863</u>         | <u>105,204,863</u>      | <u>105,447,499</u> | <u>242,636</u>                                         |

(Continued on next page)



**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

|                                                                                                                                                                        | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>         | <u>Variance With<br/>Final Budget<br/>Over (Under)</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------|-----------------------|--------------------------------------------------------|
| Other Financing Sources:                                                                                                                                               |                            |                         |                       |                                                        |
| Transfers in:                                                                                                                                                          |                            |                         |                       |                                                        |
| Sewer Operating                                                                                                                                                        | \$ 37,240                  | \$ 37,240               | \$ 37,240             | \$                                                     |
| Library funds                                                                                                                                                          | 25,000                     | 25,000                  | 18,018                | (6,982)                                                |
| Fund balance appropriation                                                                                                                                             | <u>1,000,000</u>           | <u>1,000,000</u>        |                       | <u>(1,000,000)</u>                                     |
| Total other financing sources                                                                                                                                          | <u>1,062,240</u>           | <u>1,062,240</u>        | <u>55,258</u>         | <u>(1,006,982)</u>                                     |
| Total Revenues and Other Financing Sources                                                                                                                             | \$ <u>106,267,103</u>      | \$ <u>106,267,103</u>   | 105,502,757           | \$ <u>(764,346)</u>                                    |
| Budgetary revenues are different from GAAP revenues because:                                                                                                           |                            |                         |                       |                                                        |
| Cancellation of prior year encumbrances are recognized as budgetary revenue                                                                                            |                            |                         | (80,173)              |                                                        |
| State on-behalf payments                                                                                                                                               |                            |                         | 6,352,592             |                                                        |
| Premium on bond issuance                                                                                                                                               |                            |                         | <u>78,540</u>         |                                                        |
| Total Revenues and Other Financing Sources as Reported on the Statement of<br>Revenues, Expenditures and Changes in Fund Balances - Governmental<br>Funds - Exhibit IV |                            |                         | \$ <u>111,853,716</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, 2015**

|                                         | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance With<br/>Final Budget<br/>(Over) Under</u> |
|-----------------------------------------|----------------------------|-------------------------|------------------|--------------------------------------------------------|
| General Government:                     |                            |                         |                  |                                                        |
| Legislative:                            |                            |                         |                  |                                                        |
| Town Council                            | \$ 217,263                 | \$ 220,263              | \$ 204,241       | \$ 16,022                                              |
| Boards and Commissions:                 |                            |                         |                  |                                                        |
| Human relations commission              | 2,500                      | 2,500                   | 1,434            | 1,066                                                  |
| Historic district commission            | 1,000                      | 1,000                   | 972              | 28                                                     |
| Public building commission              | 520                        | 2,999                   | 2,999            | -                                                      |
| South Windsor redevelopment             | 1,000                      | 1,000                   |                  | 1,000                                                  |
| Inland/wetlands - conservation          | 6,425                      | 6,225                   | 4,652            | 1,573                                                  |
| Land preservation advisory              | 300                        | 300                     |                  | 300                                                    |
| Open space task force                   | 500                        | 500                     | 73               | 427                                                    |
| Park and recreation commission          | 4,500                      | 4,500                   | 1,570            | 2,930                                                  |
| Planning and zoning                     | 7,150                      | 9,029                   | 9,029            | -                                                      |
| Zoning board of appeals                 | 2,500                      | 2,500                   | 1,516            | 984                                                    |
| Economic development coordinator        | 4,500                      | 4,500                   | 2,440            | 2,060                                                  |
| Total boards and commissions            | <u>30,895</u>              | <u>35,053</u>           | <u>24,685</u>    | <u>10,368</u>                                          |
| Judicial:                               |                            |                         |                  |                                                        |
| Probate court                           | <u>14,638</u>              | <u>14,638</u>           | <u>13,154</u>    | <u>1,484</u>                                           |
| Elections:                              |                            |                         |                  |                                                        |
| Registrar of voters                     | <u>155,483</u>             | <u>165,985</u>          | <u>138,968</u>   | <u>27,017</u>                                          |
| Executive:                              |                            |                         |                  |                                                        |
| Town manager                            | 363,479                    | 319,609                 | 315,090          | 4,519                                                  |
| Human resources                         | 65,602                     | 65,602                  | 43,380           | 22,222                                                 |
| Total executive                         | <u>429,081</u>             | <u>385,211</u>          | <u>358,470</u>   | <u>26,741</u>                                          |
| Community Development:                  |                            |                         |                  |                                                        |
| Planning department                     | 228,121                    | 229,317                 | 229,317          | -                                                      |
| Building department                     | 217,848                    | 217,848                 | 196,322          | 21,526                                                 |
| Total community development             | <u>445,969</u>             | <u>447,165</u>          | <u>425,639</u>   | <u>21,526</u>                                          |
| Finance:                                |                            |                         |                  |                                                        |
| Assessor                                | 286,132                    | 286,132                 | 271,815          | 14,317                                                 |
| Collector of revenue                    | 218,024                    | 228,024                 | 218,697          | 9,327                                                  |
| Finance office                          | 340,559                    | 340,559                 | 336,656          | 3,903                                                  |
| Total finance                           | <u>844,715</u>             | <u>854,715</u>          | <u>827,168</u>   | <u>27,547</u>                                          |
| Recording and Reporting:                |                            |                         |                  |                                                        |
| Town clerk                              | <u>227,071</u>             | <u>227,071</u>          | <u>211,190</u>   | <u>15,881</u>                                          |
| Law:                                    |                            |                         |                  |                                                        |
| Town attorney                           | <u>175,000</u>             | <u>175,000</u>          | <u>175,918</u>   | <u>(918)</u>                                           |
| Central Services:                       |                            |                         |                  |                                                        |
| Town Hall                               | 287,921                    | 272,509                 | 254,261          | 18,248                                                 |
| Information technology                  | 715,204                    | 715,204                 | 645,697          | 69,507                                                 |
| Total quality management implementation | 1,500                      | 1,500                   | 79               | 1,421                                                  |
| Media                                   | 30,570                     | 30,570                  | 18,496           | 12,074                                                 |
| Total central services                  | <u>1,035,195</u>           | <u>1,019,783</u>        | <u>918,533</u>   | <u>101,250</u>                                         |
| Total general government                | <u>3,575,310</u>           | <u>3,544,884</u>        | <u>3,297,966</u> | <u>246,918</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, 2015**

|                               | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance With<br/>Final Budget<br/>(Over) Under</u> |
|-------------------------------|----------------------------|-------------------------|------------------|--------------------------------------------------------|
| Public Safety:                |                            |                         |                  |                                                        |
| Police Protection:            |                            |                         |                  |                                                        |
| Police administration         | \$ 449,746                 | \$ 496,930              | \$ 466,632       | \$ 30,298                                              |
| Operations                    | 3,622,450                  | 3,539,316               | 3,528,502        | 10,814                                                 |
| Support services              | 1,782,919                  | 1,756,670               | 1,684,087        | 72,583                                                 |
| Community services            | 155,399                    | 155,399                 | 141,636          | 13,763                                                 |
| Total police protection       | <u>6,010,514</u>           | <u>5,948,315</u>        | <u>5,820,857</u> | <u>127,458</u>                                         |
| Fire Protection:              |                            |                         |                  |                                                        |
| Fire marshal                  | 201,300                    | 201,300                 | 195,286          | 6,014                                                  |
| Volunteer fire department     | 814,220                    | 814,220                 | 814,220          | -                                                      |
| Hydrants and water lines      | 762,706                    | 762,706                 | 763,020          | (314)                                                  |
| Total fire protection         | <u>1,778,226</u>           | <u>1,778,226</u>        | <u>1,772,526</u> | <u>5,700</u>                                           |
| Emergency management          | <u>115,000</u>             | <u>131,200</u>          | <u>130,955</u>   | <u>245</u>                                             |
| Other protection:             |                            |                         |                  |                                                        |
| Street lights                 | <u>409,500</u>             | <u>455,500</u>          | <u>452,696</u>   | <u>2,804</u>                                           |
| Total public safety           | <u>8,313,240</u>           | <u>8,313,241</u>        | <u>8,177,034</u> | <u>136,207</u>                                         |
| Public Works:                 |                            |                         |                  |                                                        |
| Administration:               |                            |                         |                  |                                                        |
| Management                    | <u>142,192</u>             | <u>142,192</u>          | <u>141,383</u>   | <u>809</u>                                             |
| Engineering:                  |                            |                         |                  |                                                        |
| Technical support             | <u>428,749</u>             | <u>428,749</u>          | <u>418,834</u>   | <u>9,915</u>                                           |
| Street Services:              |                            |                         |                  |                                                        |
| Highway maintenance           | 2,735,237                  | 2,837,575               | 2,837,575        | -                                                      |
| Fleet services                | 868,887                    | 855,549                 | 821,930          | 33,619                                                 |
| Total street services         | <u>3,604,124</u>           | <u>3,693,124</u>        | <u>3,659,505</u> | <u>33,619</u>                                          |
| Public Buildings:             |                            |                         |                  |                                                        |
| Building maintenance          | <u>1,439,804</u>           | <u>1,439,805</u>        | <u>1,274,719</u> | <u>165,086</u>                                         |
| Pollution Control:            |                            |                         |                  |                                                        |
| Refuse and recycling          | <u>1,977,207</u>           | <u>1,977,207</u>        | <u>1,967,357</u> | <u>9,850</u>                                           |
| Total public works            | <u>7,592,076</u>           | <u>7,681,077</u>        | <u>7,461,798</u> | <u>219,279</u>                                         |
| Human Services:               |                            |                         |                  |                                                        |
| Conservation of Health:       |                            |                         |                  |                                                        |
| Environmental health          | 147,330                    | 99,802                  | 96,116           | 3,686                                                  |
| Visiting nurse community care | 17,825                     | 17,825                  | 8,000            | 9,825                                                  |
| Total conservation of health  | <u>165,155</u>             | <u>117,627</u>          | <u>104,116</u>   | <u>13,511</u>                                          |
| Human service programs:       |                            |                         |                  |                                                        |
| Administration                | 114,259                    | 103,356                 | 103,356          | -                                                      |
| Youth and family services     | 274,707                    | 259,554                 | 259,554          | -                                                      |
| Adult and senior services     | 344,673                    | 375,392                 | 375,392          | -                                                      |
| Mini-bus service              | 65,692                     | 68,043                  | 68,043           | -                                                      |
| Sheltered workshops           | 4,624                      | 4,624                   | 4,356            | 268                                                    |
| Total human services programs | <u>803,955</u>             | <u>810,969</u>          | <u>810,701</u>   | <u>268</u>                                             |
| Total human services          | <u>969,110</u>             | <u>928,596</u>          | <u>914,817</u>   | <u>13,779</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, 2015**

|                                    | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance With<br/>Final Budget<br/>(Over) Under</u> |
|------------------------------------|----------------------------|-------------------------|-------------------|--------------------------------------------------------|
| Culture and Recreation:            |                            |                         |                   |                                                        |
| Recreation administration          | \$ 1,776,533               | \$ 1,776,529            | \$ 1,718,902      | \$ 57,627                                              |
| Parks and Grounds                  |                            |                         |                   | -                                                      |
| Library                            | 1,027,837                  | 1,027,838               | 1,027,630         | 208                                                    |
| Total culture and recreation       | <u>2,804,370</u>           | <u>2,804,367</u>        | <u>2,746,532</u>  | <u>57,835</u>                                          |
| Education                          | <u>68,555,567</u>          | <u>68,555,567</u>       | <u>68,333,931</u> | <u>221,636</u>                                         |
| Insurance and Benefits:            |                            |                         |                   |                                                        |
| Municipal insurance:               |                            |                         |                   |                                                        |
| Insurance - casualty               | <u>269,742</u>             | <u>273,678</u>          | <u>273,678</u>    | <u>-</u>                                               |
| Pension Contributions:             |                            |                         |                   |                                                        |
| Pension                            | 2,000,391                  | 2,002,749               | 2,002,749         | -                                                      |
| Social security                    | 1,043,580                  | 933,107                 | 933,107           | -                                                      |
| Total pension contributions        | <u>3,043,971</u>           | <u>2,935,856</u>        | <u>2,935,856</u>  | <u>-</u>                                               |
| Health and life insurance          | <u>2,836,978</u>           | <u>2,873,940</u>        | <u>2,873,940</u>  | <u>-</u>                                               |
| Workers' compensation              | <u>359,393</u>             | <u>347,306</u>          | <u>347,306</u>    | <u>-</u>                                               |
| Unemployment compensation          | <u>15,000</u>              | <u>3,733</u>            | <u>3,733</u>      | <u>-</u>                                               |
| Total insurance and benefits       | <u>6,525,084</u>           | <u>6,434,513</u>        | <u>6,434,513</u>  | <u>-</u>                                               |
| Other:                             |                            |                         |                   |                                                        |
| Contingency                        | 115,000                    |                         |                   | -                                                      |
| South Windsor patriotic commission | 13,500                     | 13,500                  | 13,416            | 84                                                     |
| Cemeteries                         | 8,000                      | 8,000                   | 8,000             | -                                                      |
| Wood Memorial Library              | 7,500                      | 10,000                  | 10,000            | -                                                      |
| Total other                        | <u>144,000</u>             | <u>31,500</u>           | <u>31,416</u>     | <u>84</u>                                              |
| Debt Service:                      |                            |                         |                   |                                                        |
| Principal                          | 4,200,646                  | 4,200,646               | 4,200,646         | -                                                      |
| Interest                           | 1,891,140                  | 2,076,152               | 2,054,555         | 21,597                                                 |
| Total debt service                 | <u>6,091,786</u>           | <u>6,276,798</u>        | <u>6,255,201</u>  | <u>21,597</u>                                          |
| Total expenditures                 | 104,570,543                | 104,570,543             | 103,653,208       | 917,335                                                |
| Other Financing Uses:              |                            |                         |                   |                                                        |
| Transfer out                       | <u>1,696,560</u>           | <u>1,696,560</u>        | <u>1,711,223</u>  | <u>(14,663)</u>                                        |
| Total                              | <u>\$ 106,267,103</u>      | <u>\$ 106,267,103</u>   | 105,364,431       | <u>\$ 902,672</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

264,815  
43,021  
6,352,592

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

\$ 112,024,859

**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, 2015**

|                                           | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance With<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|-------------------------------------------|----------------------------|-------------------------|-------------------|-----------------------------------------------------------------------|
| Revenues:                                 |                            |                         |                   |                                                                       |
| Charges for services                      | \$ 4,086,710               | \$ 4,086,710            | \$ 4,233,591      | \$ 146,881                                                            |
| Intergovernmental revenue                 | 121,660                    | 121,660                 |                   | (121,660)                                                             |
| Investment income                         | 350                        | 350                     | 29                | (321)                                                                 |
| Miscellaneous                             | 132,250                    | 132,250                 | 163,086           | 30,836                                                                |
| Total revenues                            | <u>4,340,970</u>           | <u>4,340,970</u>        | <u>4,396,706</u>  | <u>55,736</u>                                                         |
| Expenditures:                             |                            |                         |                   |                                                                       |
| Full time salaries                        | 789,131                    | 789,131                 | 753,745           | 35,386                                                                |
| Overtime                                  | 40,211                     | 40,211                  | 91,635            | (51,424)                                                              |
| Longevity                                 | 1,820                      | 1,820                   | 1,300             | 520                                                                   |
| Employee benefits                         | 536,035                    | 536,035                 | 502,421           | 33,614                                                                |
| Office supplies                           | 1,000                      | 1,000                   | 1,231             | (231)                                                                 |
| Operating material                        | 78,000                     | 78,000                  | 70,893            | 7,107                                                                 |
| Motor vehicle supplies                    | 22,640                     | 22,364                  | 8,435             | 13,929                                                                |
| Uniforms and clothing                     | 7,898                      | 7,898                   | 15,842            | (7,944)                                                               |
| Fleet and equipment repair                | 54,150                     | 54,150                  | 129,056           | (74,906)                                                              |
| Advertising                               |                            |                         | 1,646             | (1,646)                                                               |
| Professional                              | 172,663                    | 172,663                 | 177,075           | (4,412)                                                               |
| Rental and leases                         | 17,520                     | 17,520                  | 15,508            | 2,012                                                                 |
| Utilities                                 | 515,550                    | 515,550                 | 415,613           | 99,937                                                                |
| Maintenance contracts                     | 424,200                    | 424,200                 | 463,735           | (39,535)                                                              |
| Repair and maintenance equipment          | 15,200                     | 15,200                  | 14,752            | 448                                                                   |
| Fees and memberships                      | 1,395                      | 1,395                   |                   | 1,395                                                                 |
| Recruitment and training                  | 13,200                     | 13,200                  | 14,687            | (1,487)                                                               |
| Other purchase services                   | 299,500                    | 299,500                 | 219,788           | 79,712                                                                |
| Capital projects                          | 162,000                    | 162,000                 | 150,231           | 11,769                                                                |
| Office equipment                          |                            |                         | 6,574             | (6,574)                                                               |
| Department equipment                      | 10,000                     | 9,850                   |                   | 9,850                                                                 |
| Boards and Commissions - Office supplies  | 50                         | 50                      | 231               | (181)                                                                 |
| Boards and Commissions - Advertising      | 650                        | 927                     | 743               | 184                                                                   |
| Boards and Commissions - Office equipment |                            | 150                     | 149               | 1                                                                     |
| Debt service                              | 256,026                    | 256,026                 | 195,629           | 60,397                                                                |
| Total expenditures                        | <u>3,418,839</u>           | <u>3,418,840</u>        | <u>3,250,919</u>  | <u>167,921</u>                                                        |
| Excess of Revenues over Expenditures      | 922,131                    | 922,130                 | 1,145,787         | 223,657                                                               |
| Other Financing Sources and Uses:         |                            |                         |                   |                                                                       |
| Transfers in                              | 23,000                     | 23,000                  | 203,200           | 180,200                                                               |
| Transfers out                             | (485,000)                  | (485,000)               | (764,931)         | (279,931)                                                             |
| Utilization of fund balance               | (460,131)                  | (460,130)               |                   | 460,130                                                               |
| Net Change in Fund Balance                | <u>\$ -</u>                | <u>\$ -</u>             | 584,056           | <u>\$ 584,056</u>                                                     |
| Fund Balance at July 1, 2014              |                            |                         | (185,942)         |                                                                       |
| Fund Balance at June 30, 2015             |                            |                         | <u>\$ 398,114</u> |                                                                       |

Reconciliation to GAAP Basis

|                                                                                                           | <u>Revenues</u>     | <u>Expenditures</u> |
|-----------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Balance, Budgetary Basis - June 30, 2015                                                                  | \$ 4,396,706        | \$ 3,250,919        |
| Accrued payroll not budgeted                                                                              |                     | 2,983               |
| Encumbrances outstanding at June 30, 2014 liquidated<br>and cancelled during the year ended June 30, 2015 |                     | 27,402              |
| Encumbrances charged to budgetary expenditures<br>during the year ended June 30, 2015                     |                     | (23,745)            |
| Balance, GAAP Basis - June 30, 2015                                                                       | <u>\$ 4,396,706</u> | <u>\$ 3,257,559</u> |

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

|                                                                            | <u>2014</u>          | <u>2015</u>          |
|----------------------------------------------------------------------------|----------------------|----------------------|
| Total pension liability:                                                   |                      |                      |
| Service cost                                                               | \$ 344,193           | \$ 597,904           |
| Interest                                                                   | 2,494,478            | 2,658,282            |
| Differences between expected and actual experience                         |                      | 1,272,460            |
| Changes of assumptions                                                     | 3,396,197            | (1,861,513)          |
| Benefit payments, including refunds of member contributions                | (1,680,365)          | (1,591,710)          |
| Administrative expense                                                     | (75,832)             |                      |
| Net change in total pension liability                                      | 4,478,671            | 1,075,423            |
| Total pension liability - beginning                                        | 31,714,877           | 36,193,548           |
| Total pension liability - ending                                           | <u>36,193,548</u>    | <u>37,268,971</u>    |
| Plan fiduciary net position:                                               |                      |                      |
| Contributions - employer                                                   | 1,867,793            | 1,727,470            |
| Contributions - member                                                     | 357,692              | 382,108              |
| Net investment income                                                      | 3,279,002            | 70,803               |
| Benefit payments, including refunds of member contributions                | (1,680,365)          | (1,591,710)          |
| Administrative expense                                                     | (75,832)             | (40,061)             |
| Net change in plan fiduciary net position                                  | 3,748,290            | 548,610              |
| Plan fiduciary net position - beginning                                    | 18,906,056           | 22,654,346           |
| Plan fiduciary net position - ending                                       | <u>22,654,346</u>    | <u>23,202,956</u>    |
| Net Pension Liability - Ending                                             | \$ <u>13,539,202</u> | \$ <u>14,066,015</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 62.59%               | 62.26%               |
| Covered-employee payroll                                                   | \$ 4,749,846         | \$ 4,716,701         |
| Net pension liability as a percentage of covered-employee payroll          | 285.05%              | 298.22%              |

**Notes to Schedule:**

*Changes of assumptions:* In 2014, amounts reported as changes of assumptions resulted from the change in the discount rate from 8% to 6.98%. In 2015, amounts reported as changes in assumptions resulted from the change in the discount rate from 6.98% to 7.5%.

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

|                                                                            | <u>2014</u>       | <u>2015</u>         |
|----------------------------------------------------------------------------|-------------------|---------------------|
| Total pension liability:                                                   |                   |                     |
| Service cost                                                               | \$ 225,029        | \$ 359,500          |
| Interest                                                                   | 920,994           | 986,463             |
| Differences between expected and actual experience                         |                   | 460,218             |
| Changes of assumptions                                                     | 543,345           |                     |
| Benefit payments, including refunds of member contributions                | (655,604)         | (599,078)           |
| Administrative expense                                                     | (43,468)          |                     |
| Net change in total pension liability                                      | 990,296           | 1,207,103           |
| Total pension liability - beginning                                        | 11,636,936        | 12,627,232          |
| Total pension liability - ending                                           | <u>12,627,232</u> | <u>13,834,335</u>   |
| Plan fiduciary net position:                                               |                   |                     |
| Contributions - employer                                                   | 922,555           | 268,665             |
| Contributions - member                                                     | 197,927           | 196,719             |
| Net investment income                                                      | 1,681,148         | 30,643              |
| Benefit payments, including refunds of member contributions                | (655,604)         | (599,078)           |
| Administrative expense                                                     | (43,468)          | (25,907)            |
| Net change in plan fiduciary net position                                  | 2,102,558         | (128,958)           |
| Plan fiduciary net position - beginning                                    | 10,016,519        | 12,119,077          |
| Plan fiduciary net position - ending                                       | <u>12,119,077</u> | <u>11,990,119</u>   |
| Net Pension Liability - Ending                                             | \$ <u>508,155</u> | \$ <u>1,844,216</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 95.98%            | 86.67%              |
| Covered-employee payroll                                                   | \$ 3,085,477      | \$ 3,122,271        |
| Net pension liability as a percentage of covered-employee payroll          | 16.47%            | 59.07%              |

**Notes to Schedule:**

*Changes of assumptions:* In 2014, amounts reported as changes of assumptions resulted from the change in the discount rate from 8% to 7.50%.

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

|                                                                      | <u>2006</u>       | <u>2007</u>       | <u>2008</u>       | <u>2009</u>       | <u>2010</u>       | <u>2011</u>       | <u>2012</u>       | <u>2013</u>      | <u>2014</u>         | <u>2015</u>      |
|----------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|---------------------|------------------|
| Actuarially determined contribution                                  | \$ 890,470        | \$ 998,869        | \$ 1,105,236      | \$ 1,220,118      | \$ 1,573,634      | \$ 1,500,972      | \$ 1,583,496      | \$ 1,697,994     | \$ 1,686,734        | \$ 1,727,470     |
| Contributions in relation to the actuarially determined contribution | <u>419,000</u>    | <u>606,632</u>    | <u>668,914</u>    | <u>826,338</u>    | <u>963,169</u>    | <u>1,278,427</u>  | <u>1,343,147</u>  | <u>1,697,994</u> | <u>1,867,793</u>    | <u>1,727,470</u> |
| Contribution Deficiency (Excess)                                     | <u>\$ 471,470</u> | <u>\$ 392,237</u> | <u>\$ 436,322</u> | <u>\$ 393,780</u> | <u>\$ 610,465</u> | <u>\$ 222,545</u> | <u>\$ 240,349</u> | <u>\$ -</u>      | <u>\$ (181,059)</u> | <u>\$ -</u>      |
| Covered-employee payroll                                             | \$ 4,629,455      | \$ 4,744,942      | \$ 4,771,476      | \$ 4,962,230      | \$ 5,239,328      | \$ 5,427,342      | \$ 5,337,789      | \$ 5,352,711     | \$ 4,749,846        | \$ 4,716,701     |
| Contributions as a percentage of covered-employee payroll            | 9.05%             | 12.78%            | 14.02%            | 16.65%            | 18.38%            | 23.56%            | 25.16%            | 31.72%           | 39.32%              | 36.62%           |

**Notes to Schedule**

Valuation date: January 1, 2015

Measurement date: June 30, 2015

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 percentage of payroll, closed                                                                                               |
| Remaining amortization period | 30 years                                                                                                                          |
| Asset valuation method        | 5-year smoothed market                                                                                                            |
| Inflation                     | 2.7%                                                                                                                              |
| Salary increases              | 3.0%, average, including inflation                                                                                                |
| Turnover                      | Graded rates by age                                                                                                               |
| Investment rate of return     | 7.5%                                                                                                                              |
| Retirement age                | Age 55 for Dispatchers, Age 60 for Pollution and Public Works, earlier of Age 50 or 25 years to service for Police and Age 62 for |
| 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                     | RP-2000 Mortality Table, unprojected, for males and females as applicable.                                                        |



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

|                                                                      | <u>2006</u>      | <u>2007</u>       | <u>2008</u>         | <u>2009</u>      | <u>2010</u>      | <u>2011</u>      | <u>2012</u>         | <u>2013</u>        | <u>2014</u>         | <u>2015</u>       |
|----------------------------------------------------------------------|------------------|-------------------|---------------------|------------------|------------------|------------------|---------------------|--------------------|---------------------|-------------------|
| Actuarially determined contribution                                  | \$ 419,238       | \$ 998,869        | \$ 483,721          | \$ 429,319       | \$ 522,765       | \$ 487,057       | \$ 481,339          | \$ 443,288         | \$ 450,378          | \$ 535,965        |
| Contributions in relation to the actuarially determined contribution | <u>321,299</u>   | <u>457,461</u>    | <u>833,712</u>      | <u>354,000</u>   | <u>432,575</u>   | <u>407,333</u>   | <u>752,056</u>      | <u>518,288</u>     | <u>922,555</u>      | <u>268,665</u>    |
| Contribution Deficiency (Excess)                                     | <u>\$ 97,939</u> | <u>\$ 541,408</u> | <u>\$ (349,991)</u> | <u>\$ 75,319</u> | <u>\$ 90,190</u> | <u>\$ 79,724</u> | <u>\$ (270,717)</u> | <u>\$ (75,000)</u> | <u>\$ (472,177)</u> | <u>\$ 267,300</u> |
| Covered-employee payroll                                             | \$ 2,791,381     | \$ 2,764,749      | \$ 3,232,684        | \$ 3,321,753     | \$ 3,512,067     | \$ 3,652,821     | \$ 3,419,019        | \$ 3,012,321       | \$ 3,085,477        | \$ 3,122,271      |
| Contributions as a percentage of covered-employee payroll            | 11.51%           | 16.55%            | 25.79%              | 10.66%           | 12.32%           | 11.15%           | 22.00%              | 17.21%             | 29.90%              | 8.60%             |

**Notes to Schedule**

Valuation date: January 1, 2015

Measurement date: June 30, 2015

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 percentage of payroll, closed                                                                              |
| Remaining amortization period | 30 years                                                                                                         |
| Asset valuation method        | 5-year smoothed market                                                                                           |
| Inflation                     | 2.7%                                                                                                             |
| Salary increases              | 3.0%, average, including inflation                                                                               |
| Turnover                      | Graded rates by age                                                                                              |
| Investment rate of return     | 7.5%                                                                                                             |
| 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                     | RP-2000 Mortality Table, unprojected, for males and females as applicable.                                       |

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

---

|                                                                  | <u>2014</u> | <u>2015</u> |
|------------------------------------------------------------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense: |             |             |
| Town Plan                                                        | 16.37%      | 0.30%       |
| Board of Education Plan                                          | 16.90%      | 0.26%       |

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

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

**Notes to Schedule**

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2015 AND 2014**

|                                                                                          | <u>2015</u>          | <u>2014</u>          |
|------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                                                                            |                      |                      |
| Cash and cash equivalents                                                                | \$ 19,023,921        | \$ 16,158,229        |
| Property taxes receivable (net of allowance of \$986,875<br>and \$856,223, respectively) | 3,303,885            | 2,866,477            |
| Intergovernmental receivables                                                            | 8,599                | 8,599                |
| Other accounts receivable                                                                | 2,363,878            | 2,331,255            |
| Due from other funds                                                                     | 843,086              | 754,517              |
| Prepaid items                                                                            | <u>970</u>           | <u>18,722</u>        |
| Total Assets                                                                             | <u>\$ 25,544,339</u> | <u>\$ 22,137,799</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>                       |                      |                      |
| Liabilities:                                                                             |                      |                      |
| Accounts payable and accrued liabilities                                                 | \$ 2,522,895         | \$ 2,296,871         |
| Due to other funds                                                                       | <u>10,838,131</u>    | <u>8,114,699</u>     |
| Total liabilities                                                                        | <u>13,361,026</u>    | <u>10,411,570</u>    |
| Deferred inflows of resources:                                                           |                      |                      |
| Unavailable revenue - property taxes                                                     | 5,313,792            | 4,674,166            |
| Advance property tax collections                                                         | <u>11,159</u>        | <u>22,558</u>        |
| Total deferred inflows of resources                                                      | <u>5,324,951</u>     | <u>4,696,724</u>     |
| Fund balance:                                                                            |                      |                      |
| Nonspendable                                                                             | 970                  | 18,722               |
| Assigned                                                                                 | 1,527,753            | 1,772,742            |
| Unassigned                                                                               | <u>5,329,639</u>     | <u>5,238,041</u>     |
| Total fund balance                                                                       | <u>6,858,362</u>     | <u>7,029,505</u>     |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance                        | <u>\$ 25,544,339</u> | <u>\$ 22,137,799</u> |

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2015**

| Grand List | Uncollected Taxes |            | Lawful Corrections |            | Transfers To Suspense | Adjusted Taxes Collectible | Collections |            |       | Uncollected Taxes June 30, 2015 |    |            |    |            |    |            |    |           |
|------------|-------------------|------------|--------------------|------------|-----------------------|----------------------------|-------------|------------|-------|---------------------------------|----|------------|----|------------|----|------------|----|-----------|
|            | July 1, 2014      |            | Additions          | Deductions |                       |                            | Taxes       | Interest   | Total |                                 |    |            |    |            |    |            |    |           |
| 2013       | \$                | 89,884,996 | \$                 | 42,749     | \$                    | 528,007                    | \$          | 89,399,738 | \$    | 87,965,832                      | \$ | 244,398    | \$ | 88,210,230 | \$ | 1,433,906  |    |           |
| 2012       |                   | 1,236,937  |                    | 830        |                       | 22,431                     |             | 1,215,336  |       | 535,315                         |    | 119,597    |    | 654,912    |    | 680,021    |    |           |
| 2011       |                   | 588,869    |                    |            |                       | 335                        |             | 588,534    |       | 125,295                         |    | 50,672     |    | 175,967    |    | 463,239    |    |           |
| 2010       |                   | 285,697    |                    |            |                       | 386                        |             | 285,311    |       | 47,719                          |    | 31,866     |    | 79,585     |    | 237,592    |    |           |
| 2009       |                   | 220,948    |                    |            |                       | 251                        |             | 220,697    |       | 25,575                          |    | 14,426     |    | 40,001     |    | 195,122    |    |           |
| 2008       |                   | 258,933    |                    | 1          |                       |                            |             | 258,934    |       | 9,260                           |    | 8,622      |    | 17,882     |    | 249,674    |    |           |
| 2007       |                   | 197,357    |                    | 1          |                       | 115                        |             | 197,243    |       | 3,748                           |    | 5,161      |    | 8,909      |    | 193,495    |    |           |
| 2006       |                   | 169,103    |                    |            |                       |                            |             | 169,103    |       | 1,675                           |    | 2,370      |    | 4,045      |    | 167,428    |    |           |
| 2005       |                   | 148,528    |                    |            |                       | 87                         |             | 148,441    |       | 2,016                           |    | 2,844      |    | 4,860      |    | 146,425    |    |           |
| 2004       |                   | 78,977     |                    |            |                       |                            |             | 78,977     |       | 1,048                           |    | 3,062      |    | 4,110      |    | 77,929     |    |           |
| 2003       |                   | 77,207     |                    |            |                       |                            |             | 77,207     |       | 979                             |    | 3,011      |    | 3,990      |    | 76,228     |    |           |
| 2002       |                   | 74,003     |                    |            |                       |                            |             | 74,003     |       | 842                             |    | 3,050      |    | 3,892      |    | 73,161     |    |           |
| 2001       |                   | 84,827     |                    |            |                       |                            |             | 84,827     |       | 2,793                           |    | 6,531      |    | 9,324      |    | 82,034     |    |           |
| 2000       |                   | 79,695     |                    | 7          |                       |                            |             | 79,702     |       | 2,678                           |    | 6,970      |    | 9,648      |    | 77,024     |    |           |
| 1999       |                   | 140,064    |                    |            |                       |                            |             | 140,064    |       | 2,579                           |    | 1,119      |    | 3,698      |    | 137,485    |    |           |
| 1998       |                   | 81,555     |                    | 329        |                       |                            | 81,884      | -          |       |                                 |    |            |    | -          |    | -          |    |           |
|            | \$                | 93,607,696 | \$                 | 43,917     | \$                    | 551,612                    | \$          | 81,884     | \$    | 93,018,117                      | \$ | 88,727,354 | \$ | 503,699    |    | 89,231,053 | \$ | 4,290,763 |

Property taxes receivable considered available:

June 30, 2014

(289,643)

June 30, 2015

288,633

Total Property Tax Revenue

\$ 89,230,043

**TOWN OF SOUTH WINDSOR, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

|                                      | <b>Special Revenue Funds</b> |                           |                                 |                                   |                         |                                           |                   |
|--------------------------------------|------------------------------|---------------------------|---------------------------------|-----------------------------------|-------------------------|-------------------------------------------|-------------------|
|                                      | <b>Town<br/>Aid<br/>Road</b> | <b>Animal<br/>Control</b> | <b>Town<br/>Hall<br/>Grants</b> | <b>Public<br/>Works<br/>Funds</b> | <b>Police<br/>Funds</b> | <b>Fees in<br/>Lieu of<br/>Open Space</b> | <b>Library</b>    |
| <b>ASSETS</b>                        |                              |                           |                                 |                                   |                         |                                           |                   |
| Cash and cash equivalents            | \$                           | \$                        | \$                              | \$                                | 1,319                   | \$                                        | \$ 85,111         |
| Investments                          |                              |                           |                                 |                                   |                         |                                           | 84,587            |
| Receivables:                         |                              |                           |                                 |                                   |                         |                                           |                   |
| Accounts receivable                  |                              |                           |                                 |                                   |                         |                                           |                   |
| Grants and contracts receivable      |                              |                           |                                 |                                   |                         |                                           |                   |
| Due from other funds                 | 383,375                      | 30,478                    | 114,321                         | 62,443                            | 96,599                  | 269,019                                   |                   |
| Other assets                         |                              |                           |                                 |                                   |                         |                                           |                   |
| Total Assets                         | <u>\$ 383,375</u>            | <u>\$ 30,478</u>          | <u>\$ 114,321</u>               | <u>\$ 62,443</u>                  | <u>\$ 97,918</u>        | <u>\$ 269,019</u>                         | <u>\$ 169,698</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |                              |                           |                                 |                                   |                         |                                           |                   |
| Liabilities:                         |                              |                           |                                 |                                   |                         |                                           |                   |
| Accounts payable                     | \$ 1,688                     | \$                        | \$ 1,000                        | \$                                | \$ 17,810               | \$                                        | \$                |
| Due to other funds                   |                              |                           |                                 |                                   |                         |                                           |                   |
| Unearned revenue                     |                              |                           |                                 |                                   | 11,000                  |                                           |                   |
| Total liabilities                    | <u>1,688</u>                 | <u>-</u>                  | <u>1,000</u>                    | <u>-</u>                          | <u>28,810</u>           | <u>-</u>                                  | <u>-</u>          |
| Fund Balances:                       |                              |                           |                                 |                                   |                         |                                           |                   |
| Nonspendable                         |                              |                           |                                 |                                   |                         |                                           |                   |
| Restricted                           | 381,687                      |                           | 113,321                         | 62,443                            | 69,108                  |                                           |                   |
| Committed                            |                              | 30,478                    |                                 |                                   |                         | 269,019                                   | 169,698           |
| Unassigned                           |                              |                           |                                 |                                   |                         |                                           |                   |
| Total fund balances                  | <u>381,687</u>               | <u>30,478</u>             | <u>113,321</u>                  | <u>62,443</u>                     | <u>69,108</u>           | <u>269,019</u>                            | <u>169,698</u>    |
| Total Liabilities and Fund Balances  | <u>\$ 383,375</u>            | <u>\$ 30,478</u>          | <u>\$ 114,321</u>               | <u>\$ 62,443</u>                  | <u>\$ 97,918</u>        | <u>\$ 269,019</u>                         | <u>\$ 169,698</u> |

(Continued on next page)

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2015**

|                                      | Special Revenue Funds |                  |                     |                   |                       | High School<br>Athletic<br>Association | Human<br>Services<br>Fund |
|--------------------------------------|-----------------------|------------------|---------------------|-------------------|-----------------------|----------------------------------------|---------------------------|
|                                      | Recreation            | BOE              | Education<br>Grants | Cafeteria         | BOE<br>Accommodations |                                        |                           |
| <b>ASSETS</b>                        |                       |                  |                     |                   |                       |                                        |                           |
| Cash and cash equivalents            | \$ 380,534            | \$ 66,636        | \$ 736,921          | \$ 121,865        | \$ 78,984             | \$                                     |                           |
| Investments                          |                       |                  |                     |                   |                       |                                        |                           |
| Receivables:                         |                       |                  |                     |                   |                       |                                        |                           |
| Accounts receivable                  |                       |                  |                     |                   | 4,447                 |                                        |                           |
| Grants and contracts receivable      |                       |                  | 118,035             | 60,085            |                       |                                        |                           |
| Due from other funds                 | 1,025,943             | 1,500            |                     |                   |                       | 9,083                                  | 214,569                   |
| Other assets                         |                       |                  | 5,550               | 51,128            |                       |                                        |                           |
| Total Assets                         | <u>\$ 1,406,477</u>   | <u>\$ 68,136</u> | <u>\$ 860,506</u>   | <u>\$ 233,078</u> | <u>\$ 83,431</u>      | <u>\$ 9,083</u>                        | <u>\$ 214,569</u>         |
| <b>LIABILITIES AND FUND BALANCES</b> |                       |                  |                     |                   |                       |                                        |                           |
| Liabilities:                         |                       |                  |                     |                   |                       |                                        |                           |
| Accounts payable                     | \$ 64,030             | \$               | \$ 25,876           | \$ 13,989         | \$ 7,374              | \$ 2,087                               | \$                        |
| Due to other funds                   | 53,368                | 9,083            | 709,503             | 135,082           |                       |                                        |                           |
| Unearned revenue                     | 366,970               |                  | 108,885             | 52,184            | 85,234                |                                        |                           |
| Total liabilities                    | <u>484,368</u>        | <u>9,083</u>     | <u>844,264</u>      | <u>201,255</u>    | <u>92,608</u>         | <u>2,087</u>                           | <u>-</u>                  |
| Fund Balances:                       |                       |                  |                     |                   |                       |                                        |                           |
| Nonspendable                         |                       |                  | 5,550               | 51,128            |                       |                                        |                           |
| Restricted                           |                       |                  | 10,692              |                   |                       |                                        | 214,569                   |
| Committed                            | 922,109               | 59,053           |                     |                   |                       | 6,996                                  |                           |
| Unassigned                           |                       |                  |                     | (19,305)          | (9,177)               |                                        |                           |
| Total fund balances                  | <u>922,109</u>        | <u>59,053</u>    | <u>16,242</u>       | <u>31,823</u>     | <u>(9,177)</u>        | <u>6,996</u>                           | <u>214,569</u>            |
| Total Liabilities and Fund Balances  | <u>\$ 1,406,477</u>   | <u>\$ 68,136</u> | <u>\$ 860,506</u>   | <u>\$ 233,078</u> | <u>\$ 83,431</u>      | <u>\$ 9,083</u>                        | <u>\$ 214,569</u>         |

(Continued on next page)

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2015**

|                                      | Special Revenue Funds            |                          |                              |                               |                       | Interfund<br>Eliminations | Total Nonmajor<br>Governmental<br>Funds |
|--------------------------------------|----------------------------------|--------------------------|------------------------------|-------------------------------|-----------------------|---------------------------|-----------------------------------------|
|                                      | Community<br>Use of<br>Buildings | Fire<br>Marshall<br>Fund | Lead<br>Poison<br>Prevention | Regional<br>Animal<br>Shelter | IT<br>Reserve<br>Fund |                           |                                         |
| <b>ASSETS</b>                        |                                  |                          |                              |                               |                       |                           |                                         |
| Cash and cash equivalents            | \$                               | \$                       | \$                           | \$ 200                        | \$                    | \$                        | \$ 1,471,570                            |
| Investments                          |                                  |                          |                              |                               |                       |                           | 84,587                                  |
| Receivables:                         |                                  |                          |                              |                               |                       |                           |                                         |
| Accounts receivable                  | 8,809                            |                          |                              |                               |                       |                           | 13,256                                  |
| Grants and contracts receivable      |                                  |                          |                              |                               |                       |                           | 178,120                                 |
| Due from other funds                 | 57,270                           | 50                       | 6,047                        | 34,555                        | 113,858               | (63,950)                  | 2,355,160                               |
| Other assets                         |                                  |                          |                              |                               |                       |                           | 56,678                                  |
| Total Assets                         | \$ <u>66,079</u>                 | \$ <u>50</u>             | \$ <u>6,047</u>              | \$ <u>34,755</u>              | \$ <u>113,858</u>     | \$ <u>(63,950)</u>        | \$ <u>4,159,371</u>                     |
| <b>LIABILITIES AND FUND BALANCES</b> |                                  |                          |                              |                               |                       |                           |                                         |
| Liabilities:                         |                                  |                          |                              |                               |                       |                           |                                         |
| Accounts payable                     | \$ 1,323                         | \$                       | \$                           | \$                            | \$                    | \$                        | \$ 135,177                              |
| Due to other funds                   |                                  |                          |                              |                               |                       | (63,950)                  | 843,086                                 |
| Unearned revenue                     |                                  |                          |                              |                               |                       |                           | 624,273                                 |
| Total liabilities                    | <u>1,323</u>                     | <u>-</u>                 | <u>-</u>                     | <u>-</u>                      | <u>-</u>              | <u>(63,950)</u>           | <u>1,602,536</u>                        |
| Fund Balances:                       |                                  |                          |                              |                               |                       |                           |                                         |
| Nonspendable                         |                                  |                          |                              |                               |                       |                           | 56,678                                  |
| Restricted                           |                                  | 50                       | 6,047                        |                               |                       |                           | 857,917                                 |
| Committed                            | 64,756                           |                          |                              | 34,755                        | 113,858               |                           | 1,670,722                               |
| Unassigned                           |                                  |                          |                              |                               |                       |                           | (28,482)                                |
| Total fund balances                  | <u>64,756</u>                    | <u>50</u>                | <u>6,047</u>                 | <u>34,755</u>                 | <u>113,858</u>        | <u>-</u>                  | <u>2,556,835</u>                        |
| Total Liabilities and Fund Balances  | \$ <u>66,079</u>                 | \$ <u>50</u>             | \$ <u>6,047</u>              | \$ <u>34,755</u>              | \$ <u>113,858</u>     | \$ <u>(63,950)</u>        | \$ <u>4,159,371</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, 2015**

|                                                      | Special Revenue Funds        |                           |                                 |                                   |                  |                                           |                   |
|------------------------------------------------------|------------------------------|---------------------------|---------------------------------|-----------------------------------|------------------|-------------------------------------------|-------------------|
|                                                      | <u>Town<br/>Aid<br/>Road</u> | <u>Animal<br/>Control</u> | <u>Town<br/>Hall<br/>Grants</u> | <u>Public<br/>Works<br/>Funds</u> | <u>Police</u>    | <u>Fees in<br/>Lieu of<br/>Open Space</u> | <u>Library</u>    |
| Revenues:                                            |                              |                           |                                 |                                   |                  |                                           |                   |
| Intergovernmental                                    | \$ 380,687                   | \$                        | \$ 42,109                       | \$                                | \$ 24,393        | \$                                        | \$ 19,798         |
| Charges for services and assessments                 |                              | 23,397                    | 12,206                          |                                   | 42,767           |                                           | 17,442            |
| Investment earnings                                  |                              |                           |                                 |                                   | 2                |                                           | 8,562             |
| Miscellaneous                                        |                              |                           |                                 | 34,442                            | 14,213           |                                           | 23,300            |
| Total revenues                                       | <u>380,687</u>               | <u>23,397</u>             | <u>54,315</u>                   | <u>34,442</u>                     | <u>81,375</u>    | <u>-</u>                                  | <u>69,102</u>     |
| Expenditures:                                        |                              |                           |                                 |                                   |                  |                                           |                   |
| Current:                                             |                              |                           |                                 |                                   |                  |                                           |                   |
| General government                                   |                              |                           | 29,310                          |                                   |                  |                                           |                   |
| Public safety                                        |                              | 315                       |                                 |                                   | 139,139          |                                           |                   |
| Public works                                         | 235,507                      |                           | 16,730                          | 59,866                            |                  |                                           |                   |
| Human services                                       |                              |                           |                                 |                                   |                  |                                           |                   |
| Culture and recreation                               |                              |                           |                                 |                                   |                  |                                           | 46,961            |
| Education                                            |                              |                           |                                 |                                   |                  |                                           |                   |
| Total expenditures                                   | <u>235,507</u>               | <u>315</u>                | <u>46,040</u>                   | <u>59,866</u>                     | <u>139,139</u>   | <u>-</u>                                  | <u>46,961</u>     |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>145,180</u>               | <u>23,082</u>             | <u>8,275</u>                    | <u>(25,424)</u>                   | <u>(57,764)</u>  | <u>-</u>                                  | <u>22,141</u>     |
| Other Financing Uses:                                |                              |                           |                                 |                                   |                  |                                           |                   |
| Transfer in                                          |                              |                           |                                 |                                   |                  |                                           |                   |
| Transfer out                                         |                              |                           |                                 |                                   |                  |                                           | (18,018)          |
| Total other financing uses                           | <u>-</u>                     | <u>-</u>                  | <u>-</u>                        | <u>-</u>                          | <u>-</u>         | <u>-</u>                                  | <u>(18,018)</u>   |
| Net Change in Fund Balance                           | 145,180                      | 23,082                    | 8,275                           | (25,424)                          | (57,764)         | -                                         | 4,123             |
| Fund Balances at Beginning of Year                   | <u>236,507</u>               | <u>7,396</u>              | <u>105,046</u>                  | <u>87,867</u>                     | <u>126,872</u>   | <u>269,019</u>                            | <u>165,575</u>    |
| Fund Balances at End of Year                         | <u>\$ 381,687</u>            | <u>\$ 30,478</u>          | <u>\$ 113,321</u>               | <u>\$ 62,443</u>                  | <u>\$ 69,108</u> | <u>\$ 269,019</u>                         | <u>\$ 169,698</u> |

(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, 2015**

|                                                   | Special Revenue Funds |                  |                  |                  |                    |                                   |                     |
|---------------------------------------------------|-----------------------|------------------|------------------|------------------|--------------------|-----------------------------------|---------------------|
|                                                   | Recreation            | BOE              | Education Grants | Cafeteria        | BOE Accommodations | High School Athletics Association | Human Services Fund |
| Revenues:                                         |                       |                  |                  |                  |                    |                                   |                     |
| Intergovernmental                                 | \$                    | \$               | \$ 3,760,994     | \$ 417,836       | \$                 | \$                                | \$ 46,844           |
| Charges for services and assessments              | 2,842,746             | 102,524          |                  | 1,009,991        | 1,138,638          | 45,047                            | 118,794             |
| Investment earnings                               |                       | 4                |                  | 101              |                    |                                   |                     |
| Miscellaneous                                     |                       | 15,127           |                  |                  |                    |                                   | 87,975              |
| Total revenues                                    | <u>2,842,746</u>      | <u>117,655</u>   | <u>3,760,994</u> | <u>1,427,928</u> | <u>1,138,638</u>   | <u>45,047</u>                     | <u>253,613</u>      |
| Expenditures:                                     |                       |                  |                  |                  |                    |                                   |                     |
| Current:                                          |                       |                  |                  |                  |                    |                                   |                     |
| General government                                |                       |                  |                  |                  |                    |                                   | 19,815              |
| Public safety                                     |                       |                  |                  |                  |                    |                                   |                     |
| Public works                                      |                       |                  |                  |                  |                    |                                   |                     |
| Human services                                    |                       |                  |                  |                  |                    |                                   | 174,843             |
| Culture and recreation                            | 1,926,058             |                  |                  |                  |                    |                                   | 8,733               |
| Education                                         |                       | 100,583          | 3,760,994        | 1,416,892        | 1,158,299          | 53,680                            |                     |
| Total expenditures                                | <u>1,926,058</u>      | <u>100,583</u>   | <u>3,760,994</u> | <u>1,416,892</u> | <u>1,158,299</u>   | <u>53,680</u>                     | <u>203,391</u>      |
| Excess (Deficiency) of Revenues over Expenditures | <u>916,688</u>        | <u>17,072</u>    | <u>-</u>         | <u>11,036</u>    | <u>(19,661)</u>    | <u>(8,633)</u>                    | <u>50,222</u>       |
| Other Financing Uses:                             |                       |                  |                  |                  |                    |                                   |                     |
| Transfer in                                       | 106,770               |                  |                  |                  |                    |                                   | 14,663              |
| Transfer out                                      | (23,000)              |                  |                  |                  |                    |                                   | (106,770)           |
| Total other financing uses                        | <u>83,770</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>           | <u>-</u>                          | <u>(92,107)</u>     |
| Net Change in Fund Balance                        | 1,000,458             | 17,072           | -                | 11,036           | (19,661)           | (8,633)                           | (41,885)            |
| Fund Balances at Beginning of Year                | <u>(78,349)</u>       | <u>41,981</u>    | <u>16,242</u>    | <u>20,787</u>    | <u>10,484</u>      | <u>15,629</u>                     | <u>256,454</u>      |
| Fund Balances at End of Year                      | <u>\$ 922,109</u>     | <u>\$ 59,053</u> | <u>\$ 16,242</u> | <u>\$ 31,823</u> | <u>\$ (9,177)</u>  | <u>\$ 6,996</u>                   | <u>\$ 214,569</u>   |

(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, 2015**

|                                                      | Special Revenue Funds            |                          |                              |                               |                       |                           |                                         |
|------------------------------------------------------|----------------------------------|--------------------------|------------------------------|-------------------------------|-----------------------|---------------------------|-----------------------------------------|
|                                                      | Community<br>Use of<br>Buildings | Fire<br>Marshall<br>Fund | Lead<br>Poison<br>Prevention | Regional<br>Animal<br>Shelter | IT<br>Reserve<br>Fund | Interfund<br>Eliminations | Total Nonmajor<br>Governmental<br>Funds |
| Revenues:                                            |                                  |                          |                              |                               |                       |                           |                                         |
| Intergovernmental                                    | \$                               | \$                       | \$                           | \$                            | \$                    | \$                        | \$                                      |
| Charges for services and assessments                 | 84,001                           | 1,000                    | 4,858                        |                               | 7,530                 |                           | 4,706,049                               |
| Investment earnings                                  |                                  |                          |                              |                               |                       |                           | 5,437,553                               |
| Miscellaneous                                        |                                  |                          |                              | 45,060                        | 113,382               |                           | 8,669                                   |
| Total revenues                                       | <u>84,001</u>                    | <u>1,000</u>             | <u>4,858</u>                 | <u>45,060</u>                 | <u>120,912</u>        | <u>-</u>                  | <u>10,485,770</u>                       |
| Expenditures:                                        |                                  |                          |                              |                               |                       |                           |                                         |
| Current:                                             |                                  |                          |                              |                               |                       |                           |                                         |
| General government                                   |                                  |                          |                              |                               | 70,697                |                           | 119,822                                 |
| Public safety                                        |                                  | 2,947                    |                              | 29,128                        |                       |                           | 171,529                                 |
| Public works                                         |                                  |                          |                              |                               |                       |                           | 312,103                                 |
| Human services                                       |                                  |                          | 4,339                        |                               |                       |                           | 179,182                                 |
| Culture and recreation                               |                                  |                          |                              |                               |                       |                           | 1,981,752                               |
| Education                                            | 101,514                          |                          |                              |                               |                       |                           | 6,591,962                               |
| Total expenditures                                   | <u>101,514</u>                   | <u>2,947</u>             | <u>4,339</u>                 | <u>29,128</u>                 | <u>70,697</u>         | <u>-</u>                  | <u>9,356,350</u>                        |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>(17,513)</u>                  | <u>(1,947)</u>           | <u>519</u>                   | <u>15,932</u>                 | <u>50,215</u>         | <u>-</u>                  | <u>1,129,420</u>                        |
| Other Financing Uses:                                |                                  |                          |                              |                               |                       |                           |                                         |
| Transfer in                                          |                                  |                          |                              |                               |                       | (106,770)                 | 14,663                                  |
| Transfer out                                         |                                  |                          |                              |                               |                       | 106,770                   | (41,018)                                |
| Total other financing uses                           | <u>-</u>                         | <u>-</u>                 | <u>-</u>                     | <u>-</u>                      | <u>-</u>              | <u>-</u>                  | <u>(26,355)</u>                         |
| Net Change in Fund Balance                           | (17,513)                         | (1,947)                  | 519                          | 15,932                        | 50,215                | -                         | 1,103,065                               |
| Fund Balances at Beginning of Year                   | <u>82,269</u>                    | <u>1,997</u>             | <u>5,528</u>                 | <u>18,823</u>                 | <u>63,643</u>         | <u>-</u>                  | <u>1,453,770</u>                        |
| Fund Balances at End of Year                         | <u>\$ 64,756</u>                 | <u>\$ 50</u>             | <u>\$ 6,047</u>              | <u>\$ 34,755</u>              | <u>\$ 113,858</u>     | <u>\$ -</u>               | <u>\$ 2,556,835</u>                     |

**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, 2015**

|                                                   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance With<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------------------------|----------------------------|-------------------------|-------------------|-----------------------------------------------------------------------|
| Revenues:                                         |                            |                         |                   |                                                                       |
| Charges for services:                             |                            |                         |                   |                                                                       |
| Day camp                                          | \$ 500,507                 | \$ 500,507              | \$ 725,887        | \$ 225,380                                                            |
| Veterans' memorial park                           | 326,655                    | 326,655                 | 260,039           | (66,616)                                                              |
| 4th R Revenue                                     | 849,320                    | 849,320                 | 1,380,856         | 531,536                                                               |
| Outdoor                                           | 56,040                     | 56,040                  | 59,332            | 3,292                                                                 |
| Indoor                                            | 225,435                    | 225,435                 | 202,740           | (22,695)                                                              |
| Social/cultural                                   | 204,325                    | 204,325                 | 160,115           | (44,210)                                                              |
| Recreation facilities                             | 39,949                     | 39,949                  | 53,777            | 13,828                                                                |
| Miscellaneous                                     |                            |                         | 8,172             | 8,172                                                                 |
| Total revenues                                    | <u>2,202,231</u>           | <u>2,202,231</u>        | <u>2,850,918</u>  | <u>648,687</u>                                                        |
| Expenditures:                                     |                            |                         |                   |                                                                       |
| Current:                                          |                            |                         |                   |                                                                       |
| Day camp                                          | 499,333                    | 499,333                 | 476,581           | 22,752                                                                |
| 4th R Personal Services                           | 812,353                    | 812,353                 | 684,875           | 127,478                                                               |
| Veterans' memorial park                           | 355,852                    | 355,852                 | 294,860           | 60,992                                                                |
| Outdoor                                           | 57,948                     | 57,948                  | 55,067            | 2,881                                                                 |
| Indoor                                            | 230,903                    | 230,903                 | 210,801           | 20,102                                                                |
| Social/cultural                                   | 206,722                    | 206,722                 | 169,461           | 37,261                                                                |
| Recreation facilities                             | 38,852                     | 38,852                  | 27,506            | 11,346                                                                |
| Contingency                                       | 30,000                     | 30,000                  |                   | 30,000                                                                |
| Total expenditures                                | <u>2,231,963</u>           | <u>2,231,963</u>        | <u>1,919,151</u>  | <u>312,812</u>                                                        |
| Excess (Deficiency) of Revenues over Expenditures | (29,732)                   | (29,732)                | 931,767           | 961,499                                                               |
| Other Financing Sources (Uses):                   |                            |                         |                   |                                                                       |
| Transfer in                                       |                            |                         | 106,770           | 106,770                                                               |
| Transfers out                                     |                            |                         | (23,000)          | (23,000)                                                              |
| Utilization of fund balance                       | <u>29,732</u>              | <u>29,732</u>           |                   | <u>(29,732)</u>                                                       |
| Net Change in Fund Balance                        | \$ <u>-</u>                | \$ <u>-</u>             | 1,015,537         | \$ <u>1,015,537</u>                                                   |
| Fund Balance at June 30, 2014                     |                            |                         | <u>(48,726)</u>   |                                                                       |
| Fund Balance at June 30, 2015                     |                            |                         | \$ <u>966,811</u> |                                                                       |

Reconciliation to GAAP Basis

|                                                                                                           | <u>Revenues</u>     | <u>Expenditures</u> |
|-----------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Balance, Budgetary Basis - June 30, 2015                                                                  | \$ 2,850,918        | \$ 1,919,151        |
| Accrued payroll not budgeted                                                                              |                     | 26,615              |
| Encumbrances outstanding at June 30, 2014 liquidated<br>and cancelled during the year ended June 30, 2015 | (8,172)             | 231                 |
| Encumbrances charged to budgetary expenditures<br>during the year ended June 30, 2015                     |                     | <u>(19,939)</u>     |
| Balance, GAAP Basis - June 30, 2015                                                                       | \$ <u>2,842,746</u> | \$ <u>1,926,058</u> |

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION - TRUST FUNDS**  
**JUNE 30, 2015**

---

|                                                          | <b><u>Pension<br/>Trust Fund</u></b> | <b><u>Other Post<br/>Employment<br/>Benefit Trust<br/>Fund</u></b> | <b><u>Total</u></b>  |
|----------------------------------------------------------|--------------------------------------|--------------------------------------------------------------------|----------------------|
| Assets:                                                  |                                      |                                                                    |                      |
| Cash and cash equivalents                                | \$                                   | \$ 1,448,252                                                       | \$ 1,448,252         |
| Investments:                                             |                                      |                                                                    |                      |
| Mutual funds                                             | <u>35,193,075</u>                    | <u></u>                                                            | <u>35,193,075</u>    |
| Total assets                                             | <u>35,193,075</u>                    | <u>1,448,252</u>                                                   | <u>36,641,327</u>    |
| Net Position:                                            |                                      |                                                                    |                      |
| Held in Trust for Pension Benefits<br>and Other Purposes | \$ <u>35,193,075</u>                 | \$ <u>1,448,252</u>                                                | \$ <u>36,641,327</u> |

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION - TRUST FUNDS**  
**JUNE 30, 2015**

|                                            | <b>Pension<br/>Trust Fund</b> | <b>Other Post<br/>Employment<br/>Benefit Trust<br/>Fund</b> | <b>Total</b>         |
|--------------------------------------------|-------------------------------|-------------------------------------------------------------|----------------------|
| Additions:                                 |                               |                                                             |                      |
| Contributions:                             |                               |                                                             |                      |
| Employer                                   | \$ 1,996,135                  | \$ 1,007,276                                                | \$ 3,003,411         |
| Employee                                   | 578,827                       |                                                             | 578,827              |
| Total contributions                        | <u>2,574,962</u>              | <u>1,007,276</u>                                            | <u>3,582,238</u>     |
| Investment income:                         |                               |                                                             |                      |
| Net appreciation in fair value investments | <u>101,446</u>                | <u>2,255</u>                                                | <u>103,701</u>       |
| Total additions                            | <u>2,676,408</u>              | <u>1,009,531</u>                                            | <u>3,685,939</u>     |
| Deductions:                                |                               |                                                             |                      |
| Benefits                                   | 2,190,788                     | 696,561                                                     | 2,887,349            |
| Administration                             | <u>65,968</u>                 |                                                             | <u>65,968</u>        |
| Total deductions                           | <u>2,256,756</u>              | <u>696,561</u>                                              | <u>2,953,317</u>     |
| Changes in Net Position                    | 419,652                       | 312,970                                                     | 732,622              |
| Net Position at Beginning of Year          | <u>34,773,423</u>             | <u>1,135,282</u>                                            | <u>35,908,705</u>    |
| Net Position at End of Year                | <u>\$ 35,193,075</u>          | <u>\$ 1,448,252</u>                                         | <u>\$ 36,641,327</u> |

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

|                               | <u>Balance</u><br><u>June 30, 2014</u> | <u>Additions</u>    | <u>Deductions</u> | <u>Balance</u><br><u>June 30, 2015</u> |
|-------------------------------|----------------------------------------|---------------------|-------------------|----------------------------------------|
| <b>School Activities Fund</b> |                                        |                     |                   |                                        |
| Assets:                       |                                        |                     |                   |                                        |
| Cash and cash equivalents     | \$ 555,896                             | \$ 934,170          | \$ 879,755        | \$ 610,311                             |
| Accounts receivable           | <u>2,177</u>                           | <u>5,537</u>        | <u>2,177</u>      | <u>5,537</u>                           |
| Total assets                  | <u>\$ 558,073</u>                      | <u>\$ 939,707</u>   | <u>\$ 881,932</u> | <u>\$ 615,848</u>                      |
| Liabilities:                  |                                        |                     |                   |                                        |
| Accounts payable              | \$ 20,728                              | \$ 1,309            | \$ 17,380         | \$ 4,657                               |
| Due to others                 | <u>537,345</u>                         | <u>938,398</u>      | <u>864,552</u>    | <u>611,191</u>                         |
| Total liabilities             | <u>\$ 558,073</u>                      | <u>\$ 939,707</u>   | <u>\$ 881,932</u> | <u>\$ 615,848</u>                      |
| <b>Performance Bond Fund</b>  |                                        |                     |                   |                                        |
| Assets:                       |                                        |                     |                   |                                        |
| Cash and cash equivalents     | <u>\$ 793,644</u>                      | <u>\$ 172,958</u>   | <u>\$ 116,453</u> | <u>\$ 850,149</u>                      |
| Liabilities:                  |                                        |                     |                   |                                        |
| Due to others                 | <u>\$ 793,644</u>                      | <u>\$ 172,958</u>   | <u>\$ 116,453</u> | <u>\$ 850,149</u>                      |
| <b>Total All Agency Funds</b> |                                        |                     |                   |                                        |
| Assets:                       |                                        |                     |                   |                                        |
| Cash and cash equivalents     | \$ 1,349,540                           | \$ 1,107,128        | \$ 996,208        | \$ 1,460,460                           |
| Accounts receivable           | <u>2,177</u>                           | <u>5,537</u>        | <u>2,177</u>      | <u>5,537</u>                           |
| Total assets                  | <u>\$ 1,351,717</u>                    | <u>\$ 1,112,665</u> | <u>\$ 998,385</u> | <u>\$ 1,465,997</u>                    |
| Liabilities:                  |                                        |                     |                   |                                        |
| Accounts payable              | \$ 20,728                              | \$ 1,309            | \$ 17,380         | \$ 4,657                               |
| Due to other groups           | <u>1,330,989</u>                       | <u>1,111,356</u>    | <u>981,005</u>    | <u>1,461,340</u>                       |
| Total liabilities             | <u>\$ 1,351,717</u>                    | <u>\$ 1,112,665</u> | <u>\$ 998,385</u> | <u>\$ 1,465,997</u>                    |

**TOWN OF SOUTH WINDSOR, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

|                                                                                                                 |                      |
|-----------------------------------------------------------------------------------------------------------------|----------------------|
| Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2015 | \$ 89,231,053        |
| Tax relief for the elderly                                                                                      | <u>2,000</u>         |
| BASE                                                                                                            | <u>\$ 89,233,053</u> |

|                                                                 | <u>General<br/>Purposes</u> | <u>Schools</u>        | <u>Sewers</u>         | <u>Urban<br/>Renewal</u> | <u>Pension<br/>Deficit</u> |
|-----------------------------------------------------------------|-----------------------------|-----------------------|-----------------------|--------------------------|----------------------------|
| Debt limitation:                                                |                             |                       |                       |                          |                            |
| 2-1/4 times base                                                | \$ 200,774,369              | \$                    | \$                    | \$                       | \$                         |
| 4-1/2 times base                                                |                             | 401,548,739           |                       |                          |                            |
| 3-3/4 times base                                                |                             |                       | 334,623,949           |                          |                            |
| 3-1/4 times base                                                |                             |                       |                       | 290,007,422              |                            |
| 3 times base                                                    |                             |                       |                       |                          | <u>267,699,159</u>         |
| Total debt limitation                                           | <u>200,774,369</u>          | <u>401,548,739</u>    | <u>334,623,949</u>    | <u>290,007,422</u>       | <u>267,699,159</u>         |
| Indebtedness:                                                   |                             |                       |                       |                          |                            |
| Bonds and notes payable                                         | 24,852,000                  | 8,473,000             | 1,750,000             |                          |                            |
| CWF notes payable                                               |                             |                       | 25,821,991            |                          |                            |
| Authorized, unissued bonds                                      | <u>3,082</u>                |                       | <u>11,723,412</u>     |                          |                            |
| Total indebtedness                                              | <u>24,855,082</u>           | <u>8,473,000</u>      | <u>39,295,403</u>     | <u>-</u>                 | <u>-</u>                   |
| Debt Limitation in Excess of<br>Outstanding and Authorized Debt | <u>\$ 175,919,287</u>       | <u>\$ 393,075,739</u> | <u>\$ 295,328,546</u> | <u>\$ 290,007,422</u>    | <u>\$ 267,699,159</u>      |

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$624,631,371).