

TOWN OF SOUTH WINDSOR, CONNECTICUT



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

of the

Town of South Windsor, Connecticut

Fiscal Year Ended June 30, 2019

Finance Department

Patricia Perry
Director of Finance

**TOWN OF SOUTH WINDSOR, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section



Town of South Windsor

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

December 4, 2019

Mayor Andrew Paterna
Town Council Members
Residents of South Windsor

I am pleased to present the Comprehensive Annual Financial Report for the Town of South Windsor, Connecticut ("the Town") to document the Town's financial position and results of operations as of the fiscal year end June 30, 2019. This report includes the Town's basic financial statements which are presented in conformity with generally accepted accounting principles ("GAAP") and have been audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Blum, Shapiro & Company, P.C., Certified Public Accountants, have issued an unmodified opinion on the Town's financial statements for the year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

To provide further accountability to our residents this report includes notably more information and analysis than just the basic financial statements, and as such is titled the Comprehensive Annual Financial Report, commonly referred to as the CAFR. This report will be submitted by the December 31 due date to the State of Connecticut. Other interested parties such as grantor agencies, the Town's bondholders and rating agencies will use the information to reach conclusions about the Town's financial stability.

After Introductory information, the report is broken down into three additional sections: Financial Supplementary, and Statistical. The Town's basic financial statements, notes and analysis are contained in the second section. Management's Discussion and Analysis ("MD&A") provides a narrative, overview and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmission and should be read in conjunction with it. The Financial Section also includes the independent auditor's report.

The third section of the report contains Supplementary information which provides details on General Fund financial activity, special revenue funds, and pension & OPEB trust funds. The Statistical Section provides meaningful ten-year trend information on the Town's financial performance, revenue capacity, debt capacity demographic and economic indicators as well as operating information.

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

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

TOWN PROFILE

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

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

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

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

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

The Town’s public school system provides a balanced curriculum for approximately 4,100 students. There are more than a dozen local colleges and universities in the area for both undergraduate and graduate studies. The public school system consists of four schools for pupils in grades K through 5, one middle school for pupils in grades 6-8 and one high school for pupils in grades 9-12. The school system is governed by a nine-member elected Board of Education.

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

LOCAL ECONOMY

Like the national and state economy, the South Windsor's economy continued to improve in fiscal year 2019 with an increasing number of new building permits and grand list growth. The number of Residential and Commercial Building Permits totaled 2,157 or a 4.2% increase over previous fiscal year.

South Windsor's October 1, 2017 grand list, effective for the 2018-2019 fiscal year, increased 5.61% or \$146.1 million from the previous year. Growth was primarily due to increases in Personal Property and Motor Vehicles. The 2017 net taxable grand list totals \$2.7 billion and its components are comprised of 63.21% residential, 16.84% commercial, 12.43% personal property and 7.52% motor vehicle. The Town continues to maintain a balanced mix of retail, light industry, manufacturing and retirement communities and its top ten taxpayers comprise 9.84% of the total net assessed value on the October 1, 2017 grand list. Table 6 in the Statistical Section lists details of the top taxpayers. Because this list constitutes less than 10% of the total base of taxpayers, the financial distress of any one taxpayer would not impair the stability of tax revenues. The Town's property collection rate has been consistently above 98% for the past ten years. Increased collection efforts resulted in a 99.25% collection rate, which exceeded the 98.75% assumed in the fiscal year 2019 budget.

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

The Town has traditionally exhibited a lower unemployment rate compared to other towns in the area and this year is no exception. According to the State of CT Department of Labor, at June 30, 2019, the unemployment rate in South Windsor was 3.0% while in Hartford County it was 3.5%. The Town's unemployment rate is also significantly lower than the 2019 State annual average unemployment rate of 3.4% and national rate of 3.3%

South Windsor has a well-balanced, economically diverse mix of businesses and light manufacturing uses, commercial office buildings, medical facilities and retail space. Notable economic Development included the following:

- South Windsor Woods is a combination of free-standing homes, duplex style and townhomes. Construction was ongoing in the fiscal year on 150 units on 49;
- School House Estates, a planned unit development of 14 new single family homes, was completed;
- Active construction continued at The Estates at South Windsor, a Toll Brothers development of 43 new single family homes on 46 acres. Eighteen homes were occupied at June 30th;
- The Village at Berry Path, a 78 unit apartment complex ,was completed; and
- Aldi, Inc. continued construction on Phase II of an expansion to add 180,000 sq. ft.

The Town is also home to the Promenade Shops at Evergreen Walk, which is an outdoor lifestyle center, containing more than 60 national and specialty retailers, pedestrian friendly promenade and restaurants. A recently completed addition to the Center is Tempo at Evergreen Walk, 200 upscale one and two bedroom apartments. Construction continues on Evergreen Crossings, a retirement community, which will add 130 units of senior independent living, Cambria Suites, a 102-unit hotel and Harbor Chase, a 120-units of assisted living. These projects are expected to be pro-rated on the 2018 grand list and add to significant 2019 grand list growth.

LONG TERM FINANCIAL PLANNING

In fiscal year 2019, the Town issued \$16,000,000 of anticipatory notes for the construction of the new Eli Terry and Phillip R. Smith Elementary Schools and \$5,250,000 in general obligation bonds to permanently finance construction of the new Orchard Hill Elementary School, roadwork and open space acquisitions. In June, 2019 the Town refunded \$9,155,000 in bonds and realized a net present value savings of \$615,048. In the next fiscal year, the Town plans to issue debt to finance continuation of two new elementary schools and roadwork / drainage improvements.

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

- Several major road projects, including Miller Road Sewer Extension, Buckland Road Sidewalks, numerous pavement repairs and Reconstruction of Avery Street-Phase II were completed. Avery Street-Phase III, which includes new storm water drainage, base curbs and sidewalks was started and will continue as a multi-year initiative. The Town actively pursues all State and Federal grant opportunities to supplement local funding for these projects to reduce the reliance on long-term debt.
- Continued progress was made on the Town's Fiber communications network and Fire Code Updates. The Town was honored by CCM in October 2018 with the Bronze Award for Sustainable Cities in Connecticut.
- Community Center renovations were completed, with new windows, paint and flooring updates, safety railing installation, signage and completion of "Fit for Life" Senior Fitness Center.
- In October 2013, the Board of Education adopted the Elementary Facilities Ten-Year Master Plan to address our five aging elementary school buildings, which range in age from 51 to 63 years old. This plan stems from the 2011-2014 Strategic Plan which called for the development of a "long-range elementary facilities plan that promotes a safe, engaging learning environment accessible to all students and community members." The Plan calls for a three-phased approach using multiple referenda to address the elementary facilities needs over a span of ten years. Phase I the new Orchard Hill School opening in August 2017. The new building is 71,729 square feet, and houses students in grades K-5. Phase II of the Ten-Year Elementary Facilities Master Plan calls for the construction of two new K-5 schools: Philip R. Smith Elementary a 58,243 building and Eli Terry Elementary a 66,586 building. Construction began in February 2019 and both schools are expected to be open for the start of the 2020/2021 school year. Phase III to construct the new Pleasant Valley School is expected to go to referendum in March of 2020.

ACCOUNTING AND BUDGETING

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

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

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

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

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

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

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

Balanced Budget Requirement

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

Amendments and Additions to the Budget

Adoption of the Town budget sets the appropriation for each item listed separately for each department, office or commission.

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the Town of South Windsor for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standard for preparation of state and local government financial reports.

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

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

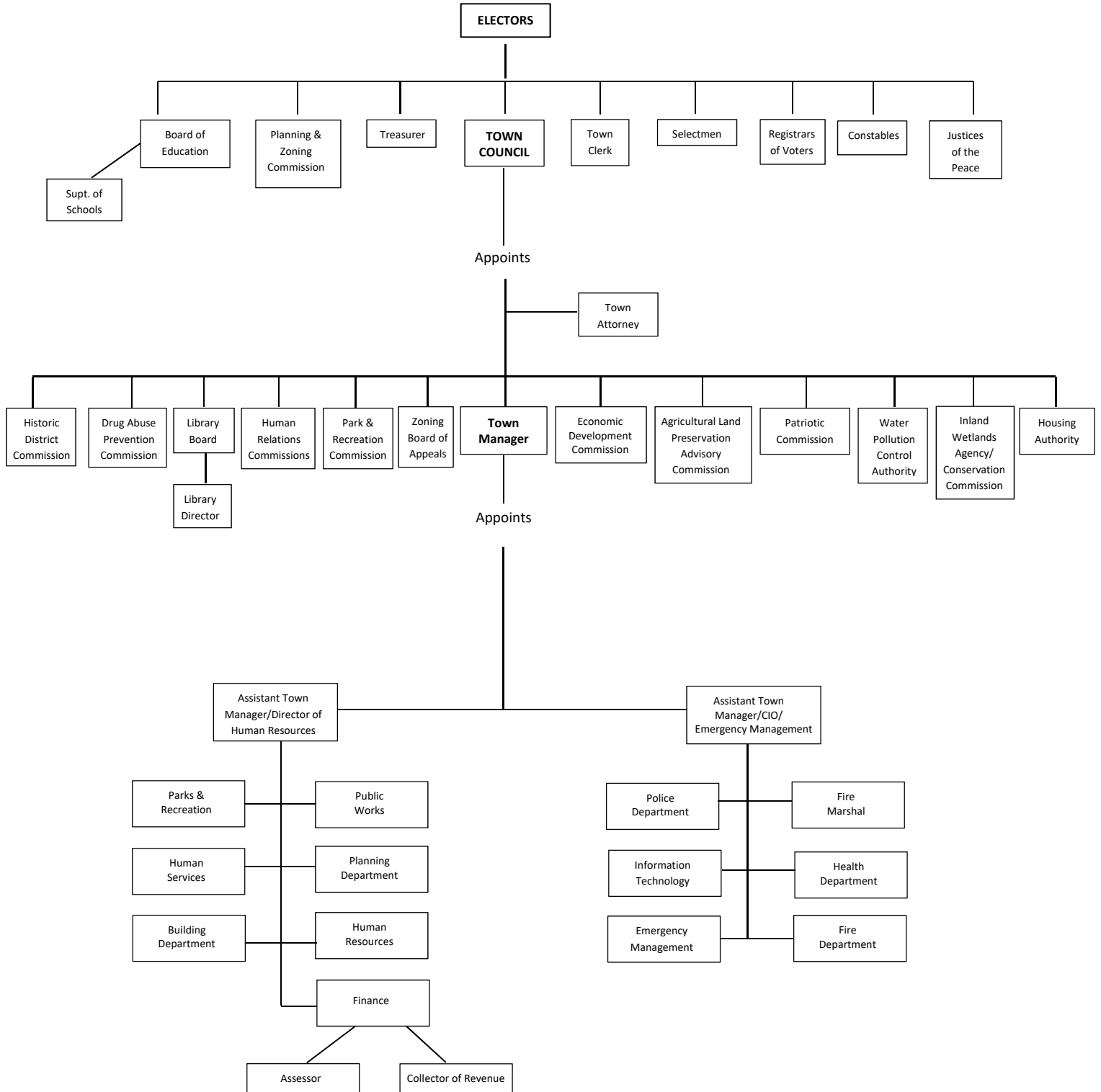
The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. I would like to thank Blum, Shapiro & Company, P.C., our independent auditors, for their efforts and counsel during the audit, CAFR preparation and submission process. The continuing support of the Town Manager, Mayor and members of the Town Council, who remain committed to fiscal integrity and financial leadership, is greatly appreciated.

Respectfully submitted,



Patricia Perry
Director of Finance

Town of South Windsor Organizational Chart



Town of South Windsor
Listing of Principal Officials
June 30, 2019

TOWN COUNCIL

Andrew Paterna, Mayor

Elizabeth Pendleton, Deputy Mayor
Audrey Delnicki
Mary Justine Hockenberry
Cesar Lopez

Karen Lydecker
Lisa M. Maneeley
Matthew Riley
Janice A. Snyder

BOARD OF EDUCATION

Craig Zimmerman, Chairman

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

Erica Evans
Michael Gonzalez
Michael Pafe
Richard Stahr

ADMINISTRATION

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

TOWN DEPARTMENTS

Michael Maniscalco, Town Manager

Andrea Cofrancesco, Director of Human
& Adult Services
Christopher Dougan, Chief Building Official
Scott Custer, Chief of Police
Mary Etter, Library Director
Raymond Favreau, Director of Recreation
Michael Gantick, Director of Public Works
Mary Huda, Assessor

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



Government Finance Officers Association

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

Presented to

**Town of South Windsor
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



Financial Section

Independent Auditors' Report

To the Town Council
Town of South Windsor, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of South Windsor, Connecticut, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of South Windsor, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of South Windsor, Connecticut, as of June 30, 2019 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.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of South Windsor, Connecticut, as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated December 20, 2018, 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, 2018 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 2018 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2018 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, 2018.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019 on our consideration of the Town of South Windsor, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of South Windsor, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of South Windsor, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 4, 2019

**TOWN OF SOUTH WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

As management of the Town of South Windsor our discussion and analysis of the Town's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the transmittal letter and the basic financial statements to enhance understanding of the Town's financial performance.

Financial Highlights

- Total net position of our governmental activities at the end of the fiscal year was \$158,170,556, an increase of \$15,316,023 or 10.7% over the previous fiscal year. Of the Town's total net position at June 30, 2019, (\$9,800,292) is unrestricted and may be used to meet the operating needs of the Town.
- On a government wide basis, revenues totaled \$145,063,712 while expenses equaled \$129,747,689.
- Total cost of all of the Town's government programs was \$15,316,023 less than the generated revenues. No new programs were added this year.
- The Town bonded \$5,250,000 to permanently finance construction of the new Orchard Hill Elementary School, road and drainage improvements and open space purchases. In June, 2019 the Town issued \$9,155,000 in General Obligation Refunding Bonds. In addition, the Town issued \$16,000,000 in Bond Anticipation Notes to provide temporary financing for Eli Terry and PR Smith Elementary School construction.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Government-Wide Financial Analysis

The Town's government-wide activities net position changed from a year ago, increasing from \$142,854,533 to \$158,170,556. Net position may serve over time as a useful indicator of a Town's financial position and an important determinant of its ability to finance services in the future. Town of South Windsor's total assets and deferred outflows exceeded liabilities and deferred inflows by \$15,316,023 at the close of the most recent fiscal year.

By far, the largest portion of the Town of South Windsor's net reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, water systems and infrastructure) less related outstanding debt used to acquire those assets. The Town of South Windsor uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of South Windsor's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1
NET POSITION**

	Governmental Activities	
	2019	2018
Current assets	\$ 59,113,287	\$ 40,299,016
Capital assets, net of accumulated depreciation	242,365,514	232,330,349
Total assets	<u>301,478,801</u>	<u>272,629,365</u>
Deferred outflows of resources	<u>2,475,192</u>	<u>3,071,739</u>
Long-term liabilities outstanding	28,280,339	12,694,290
Other liabilities	110,736,568	111,000,204
Total liabilities	<u>139,016,907</u>	<u>123,694,494</u>
Deferred inflows of resources	<u>6,766,530</u>	<u>9,152,077</u>
Net Position:		
Net investment in capital assets	148,370,264	149,770,014
Unrestricted	<u>9,800,292</u>	<u>(6,915,481)</u>
Total Net Position	<u>\$ 158,170,556</u>	<u>\$ 142,854,533</u>

TABLE 2
CHANGE IN NET POSITION

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 12,841,851	\$ 12,976,918
Operating grants and contributions	21,595,479	29,898,428
Capital grants and contributions	3,298,714	4,108,455
General revenues:		
Property taxes	104,691,701	98,298,151
Grants and contributions not restricted to specific purposes	1,588,087	1,588,901
Unrestricted investment earnings	1,047,880	472,021
Other general revenues		
Total revenues	<u>145,063,712</u>	<u>147,342,874</u>
Expenses:		
General government	5,578,183	5,454,460
Public safety	11,236,537	8,991,281
Public works	17,646,682	16,594,152
Human services	1,930,710	1,842,312
Culture and recreation	6,385,948	6,558,564
Education	84,508,649	93,978,140
Debt service	2,460,980	2,020,850
Total expenses	<u>129,747,689</u>	<u>135,439,759</u>
Increase in Net Position	15,316,023	11,903,115
Beginning Net Position	<u>142,854,533</u>	<u>130,951,418</u>
Ending Net Position	<u>\$ 158,170,556</u>	<u>\$ 142,854,533</u>

As noted above, total revenues were \$145,063,712 and the total cost of all programs and services was \$129,747,689. Our analysis below considers the operations of the fiscal year's governmental activities.

Governmental Activities

The Town's net position increased \$15,316,023 during the current fiscal year. This increase reflects total revenues generated through increased property tax revenues, and other various revenues that exceed operating costs. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements changed from \$6.9 million at June 30, 2018 to \$9.8 million at the end of this year.

For governmental activities, approximately 72.2% of the revenues were derived from Property Taxes, followed by 14.9% in Operating Grants & Contributions and 8.8% in Charges for Services.

Major revenue factors included:

- Operating Grants decreased \$8,302,949 primarily due to the decrease in on behalf OPEB contributions relating to the State Teachers' Retirement System.
- Property tax revenues recorded during fiscal year 2019 reflect a 5.61% in grand list growth resulting in increased collections, strengthened collection policies and tax sale proceeds increased prior-year tax collections, interest and liens.
- Capital grants and contributions reflected a decrease of \$809,741 over the previous year due to grant reimbursement requests for school construction costs including the new Orchard Hill Elementary School.

For governmental activities, 65.1% of the Town's expenditures relate to education, 13.6% to public works, 8.7% to public safety, 4.3% for general government and 4.9% to culture and recreation. These percentages are fairly consistent with the prior year.

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

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

**GOVERNMENTAL ACTIVITIES
TABLE 3**

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General government	\$ 5,578,183	\$ 5,454,460	\$ (3,006,785)	\$ (2,808,494)
Public safety	11,236,537	8,991,281	(10,897,647)	(8,597,754)
Public works	17,646,682	16,594,152	(9,135,378)	(7,355,032)
Human services	1,930,710	1,842,312	(1,339,945)	(1,419,386)
Culture and recreation	6,385,948	6,558,564	(3,708,714)	(4,206,491)
Education	84,508,649	93,978,140	(61,462,196)	(62,047,951)
Debt service	<u>2,460,980</u>	<u>2,020,850</u>	<u>(2,460,980)</u>	<u>(2,020,850)</u>
Total	<u>\$ 129,747,689</u>	<u>\$ 135,439,759</u>	<u>\$ (92,011,645)</u>	<u>\$ (88,455,958)</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 \$23,166,396 inclusive of an unassigned fund balance of \$10,983,750.

The General Fund is the operating fund of the Town. Fund balance of the Town's General Fund increased by \$8,034,208 during the current fiscal year. At June 30, 2019, unassigned fund balance of the General Fund was \$15,245,581 while total fund balance was \$22,084,160. The increase in fund balance is due to greater than expected revenues for building permits, recording fees and investment earnings combined with expenditure savings in General Government, Public Works and Insurance and Benefit line items.

The Town's collection rate in fiscal year 2019 was 99.25%, which is slightly higher than the average collection rate over the past five fiscal years.

General Fund Budgetary Highlights

The approved Town budget (including education) for fiscal year 2018/2019 was \$118,265,464. Education expenses continued to be the largest component at 62.6%, followed by public safety at 7.9%, and public works at 7.3%.

During the year, actual revenues and other financing sources on a budgetary basis were \$122,607,837 which exceeded budgetary estimates by \$4,342,373. The Town held its first tax sale for delinquent properties which generated positive variances in prior-year taxes, interest and lien revenue accounts. Increased collection enforcement pushed the collection rate to 99.2% versus the budgeted collection rate of 98.75%. State of Connecticut Education Grants exceeded conservative budget estimates and added \$1,802,492 to the positive variance. Charges for current services exceeded budget expectations by \$823,523 primarily due to increased activity for building permits, higher Town Clerk fees, a member equity distribution and proceeds from a Town Garage auction. The building permit fees collected reflect the increased activity in new construction and economic development. Investment income was \$719,772 over budget due to investing a portion of cash not currently needed into longer-term investments for higher interest rates.

Actual expenditures on a budgetary basis and other financing uses totaled \$116,988,901 which was less than budgeted by \$1,276,563. Public Safety and Public Works and Insurance/Benefit accounts contributed \$476,842, \$401,802 and \$72,681 respectively to the overall positive variance due to unfilled positions, overtime savings and overall cost containment.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Asset

The Town of South Windsor's investment in capital assets as of June 30, 2019 totals \$242,365,514 (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, bridges, machinery and equipment, vehicles park facilities, wastewater collection systems and construction in progress. The increase in total capital assets, net of depreciation, over the prior fiscal year was \$10,035,165.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2019	2018
Land	\$ 19,376,971	\$ 18,522,047
Buildings	61,671,406	63,354,504
Improvements other than buildings	16,106,395	16,589,097
Furniture and equipment	6,922,797	6,482,659
Infrastructure	73,826,098	75,177,340
Construction in progress	64,461,847	52,204,702
Total	<u>\$ 242,365,514</u>	<u>\$ 232,330,349</u>

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

- Purchased properties on Strong Road and Ellington Road for Public Works expansion and future elementary school construction
- Additions to CIP for Orchard Hill, Eli Terry and PR Smith Elementary school projects
- Improvements to Wapping Recreation Center and Nevers Road outdoor facilities
- Purchase Public Works heavy equipment and Police Interceptor Vehicles
- Reconstruction of Avery Street-Phase III and several other road/drainage projects
- Improvements on Sullivan Avenue Siphon system and vegetation management projects
- Depreciation expense in the amount of \$4,841,393.

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

Long-Term Debt

In the current year, the Town issued \$5,250,000 of general obligation bonds to be financed over 20 years with interest rates ranging from 2% to 5%. The bonds will permanently finance elementary school construction, road/drainage projects and opens space purchases. The Town also issued \$9,155,000 in general obligation refunding bonds with interest rates between 2.375% and 4% to realize a present value savings of \$615,048. At June 30, 2019, the Town had \$71,571,146 in bonds and notes outstanding versus \$72,677,127 in the previous year. All of the debt is backed by the full faith and credit of the Town.

The Town issued bond anticipation notes (BANS) in the amount of \$16,000,000 for the construction of two new elementary schools. The plan is to issue bonds after projects are completed.

Debt service expenditures will continue to increase over the next several years as the Town permanently finances expenditures of \$69.9 million for the construction of the Eli Terry and PR Smith Elementary Schools and \$15 million for road and drainage projects as approved in 2018 per referendum. All projects are part of the Board of Education 10-year elementary facilities plan and 5-year capital projects plan.

The Town of South Windsor maintains an AA+ rating for Standard and Poor's and an Aa2 rating from Moody's Investors Service. The overall statutory debt limit for the Town of South Windsor is equal to seven times annual receipts from taxation or \$698 million. As of June 30, 2019, the Town recorded total net debt of \$132 million, well below its statutory debt limits.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES


The Town Council considered many factors when setting the fiscal year 2019-2020 budget. Overall economic conditions as well as citizens' ability to sustain an increase in taxes continue to be primary concerns of town officials. General Fund appropriations totaled \$122,626,358 in the fiscal year 2020 adopted budget. The mill rate to support these expenditures was set at 38.50 or an increase of .83 mills.

General Fund spending increased by \$4,360,893, an increase of 3.69% over the fiscal year 2019 budget. The largest increase was to Education with an increase of \$1,370,983 for contractual obligations, costs from increasing enrollment and program improvements. The fiscal year 2020 General Fund budget includes \$200,000 of assigned General Fund balance and \$500,000 use of Tax Stabilization funds in order to mitigate the tax increase of the increased appropriations.

Unemployment in the Town as of June 2019 was 3.0% versus 3.8% in June 2018. The State's unemployment rate was 3.4% and 4.4% and the national rate was 3.3% and 4.0% for the same time period.

Contacting the Town's Financial Management

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



Basic Financial Statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 55,447,767
Investments	127,811
Receivables, net	3,503,727
Inventory	20,485
Prepaid items	13,500
Capital assets not being depreciated	83,838,818
Capital assets being depreciated, net of accumulated depreciation	158,526,696
Total assets	<u>301,478,801</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	448,090
Deferred outflows related to pensions	1,710,533
Deferred outflows related to OPEB	316,569
Total deferred outflows of resources	<u>2,475,192</u>
Liabilities:	
Accounts payable and accrued liabilities	10,138,525
Unearned revenue	2,141,814
Notes payable	16,000,000
Noncurrent liabilities:	
Due within one year	8,258,320
Due in more than one year	102,478,248
Total liabilities	<u>139,016,907</u>
Deferred Inflows of Resources:	
Advance property tax collections	2,328,871
Deferred inflows related to pensions	2,406,886
Deferred inflows related to OPEB	2,030,773
Total deferred inflows of resources	<u>6,766,530</u>
Net Position:	
Net investment in capital assets	148,370,264
Unrestricted	9,800,292
Total Net Position	<u>\$ 158,170,556</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, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 5,578,183	\$ 2,304,560	\$ 247,800	\$ 19,038	\$ (3,006,785)
Public safety	11,236,537	211,142	127,748		(10,897,647)
Public works	17,646,682	5,393,886	428,182	2,689,236	(9,135,378)
Human services	1,930,710	481,457	109,308		(1,339,945)
Culture and recreation	6,385,948	2,639,450	37,784		(3,708,714)
Education	84,508,649	1,811,356	20,644,657	590,440	(61,462,196)
Interest on long-term debt	2,460,980				(2,460,980)
Total	<u>\$ 129,747,689</u>	<u>\$ 12,841,851</u>	<u>\$ 21,595,479</u>	<u>\$ 3,298,714</u>	<u>(92,011,645)</u>
General revenues:					
Property taxes					104,691,701
Grants and contributions not restricted to specific programs					1,588,087
Unrestricted investment earnings					1,047,880
Total general revenues					<u>107,327,668</u>
Change in Net Position					15,316,023
Net Position at Beginning of Year					<u>142,854,533</u>
Net Position at End of Year					<u>\$ 158,170,556</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 50,323,178	\$	\$ 6,102	\$ 960,092	\$ 51,289,372
Investments				127,811	127,811
Receivables, net	2,610,765	344,419	279,966	134,863	3,370,013
Due from other funds	16,584	18,554,030	1,654,853	3,426,498	23,651,965
Other assets	<u>13,500</u>			<u>20,485</u>	<u>33,985</u>
Total Assets	<u>\$ 52,964,027</u>	<u>\$ 18,898,449</u>	<u>\$ 1,940,921</u>	<u>\$ 4,669,749</u>	<u>\$ 78,473,146</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 2,628,470	\$ 5,562,383	\$ 155,305	\$ 270,831	\$ 8,616,989
Due to other funds	23,635,381			16,584	23,651,965
Notes payable		16,000,000			16,000,000
Unearned revenue		<u>1,585,174</u>		<u>556,640</u>	<u>2,141,814</u>
Total liabilities	<u>26,263,851</u>	<u>23,147,557</u>	<u>155,305</u>	<u>844,055</u>	<u>50,410,768</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	2,287,145				2,287,145
Unavailable revenue - sewer use			279,966		279,966
Advance property tax collections	<u>2,328,871</u>				<u>2,328,871</u>
Total deferred inflows of resources	<u>4,616,016</u>	<u>-</u>	<u>279,966</u>	<u>-</u>	<u>4,895,982</u>
Fund balances:					
Nonspendable	13,500			20,485	33,985
Restricted				1,555,342	1,555,342
Committed	3,000,000		1,505,650	2,262,590	6,768,240
Assigned	3,825,079				3,825,079
Unassigned	<u>15,245,581</u>	<u>(4,249,108)</u>		<u>(12,723)</u>	<u>10,983,750</u>
Total fund balances	<u>22,084,160</u>	<u>(4,249,108)</u>	<u>1,505,650</u>	<u>3,825,694</u>	<u>23,166,396</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 52,964,027</u>	<u>\$ 18,898,449</u>	<u>\$ 1,940,921</u>	<u>\$ 4,669,749</u>	<u>\$ 78,473,146</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019

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	\$ 23,166,396
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 405,278,013	
Less accumulated depreciation	<u>(162,912,499)</u>	
Net capital assets		242,365,514

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

Property tax receivables greater than 60 days	1,443,838
Interest receivable on property taxes	843,308
Assessments and user fee receivable	189,124
Interest receivable on assessments and user fees	90,843
Deferred outflows related to pension changes in actuarial experience	875,295
Deferred outflows related to pension changes in actuarial assumptions	25,481
Deferred outflows related to OPEB changes in actuarial assumptions	167,667
Deferred outflows related to pension changes in projected investment earnings	809,757
Deferred outflows related to OPEB changes in projected investment earnings	148,902

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.	3,479,812
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Long-term liabilities and deferred inflows of resources, including bonds payable,
are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(16,766,445)
Deferred inflows related to pension changes in actuarial experience	(35,435)
Deferred inflows related to OPEB changes in actuarial experience	(2,030,773)
Deferred inflows related to pension changes in actuarial assumptions	(2,371,451)
Bonds and notes payable	(71,571,146)
Interest payable on bonds and notes	(709,244)
Compensated absences	(8,622,127)
Capital lease	(3,364,319)
Unamortized bond premium	(3,507,875)
Net OPEB liability	(6,904,656)
Deferred charge on refunding	<u>448,090</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 158,170,556</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 105,582,085	\$	\$	\$	\$ 105,582,085
Intergovernmental	18,114,215	3,298,714		4,108,473	25,521,402
Charges for services	2,484,022	61,135	5,414,031	5,379,149	13,338,337
Investment earnings	1,019,772		449	12,335	1,032,556
Miscellaneous			2,873	419,480	422,353
Total revenues	<u>127,200,094</u>	<u>3,359,849</u>	<u>5,417,353</u>	<u>9,919,437</u>	<u>145,896,733</u>
Expenditures:					
Current:					
General government	3,920,342			106,492	4,026,834
Public safety	8,838,487			297,709	9,136,196
Public works	8,370,277		3,755,551	525,281	12,651,109
Human services	1,104,145			484,305	1,588,450
Culture and recreation	3,111,541			2,362,643	5,474,184
Insurance and sundry	7,459,924				7,459,924
Education	76,914,581			5,568,819	82,483,400
Debt service	8,264,684	113,411			8,378,095
Capital outlay		16,101,606			16,101,606
Total expenditures	<u>117,983,981</u>	<u>16,215,017</u>	<u>3,755,551</u>	<u>9,345,249</u>	<u>147,299,798</u>
Excess (Deficiency) of Revenues over Expenditures	<u>9,216,113</u>	<u>(12,855,168)</u>	<u>1,661,802</u>	<u>574,188</u>	<u>(1,403,065)</u>
Other Financing Sources (Uses):					
Issuance of general obligation bonds		5,250,000			5,250,000
Issuance of refunding bonds		9,155,000			9,155,000
Payments to refunded bond escrow agent		(10,623,910)			(10,623,910)
Issuance of capital lease		514,134			514,134
Premium on refunding bonds		1,582,321			1,582,321
Premium on general obligation bonds	136,379				136,379
Transfers in	436,198	2,846,982	25,798		3,308,978
Transfers out	(1,754,482)	(385,000)	(1,129,740)	(39,756)	(3,308,978)
Total other financing sources (uses)	<u>(1,181,905)</u>	<u>8,339,527</u>	<u>(1,103,942)</u>	<u>(39,756)</u>	<u>6,013,924</u>
Net Change in Fund Balances	8,034,208	(4,515,641)	557,860	534,432	4,610,859
Fund Balances at Beginning of Year	<u>14,049,952</u>	<u>266,533</u>	<u>947,790</u>	<u>3,291,262</u>	<u>18,555,537</u>
Fund Balances at End of Year	<u>\$ 22,084,160</u>	<u>\$ (4,249,108)</u>	<u>\$ 1,505,650</u>	<u>\$ 3,825,694</u>	<u>\$ 23,166,396</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 4,610,859
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	15,158,865
Depreciation expense	(4,841,393)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.

(282,307)

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	(539,335)
Property tax interest and lien revenue - accrual basis change	(351,049)
Sewer user fees and assessment receivable - accrual basis change	(143,514)
Sewer user fees and assessment interest receivable - accrual basis change	(3,927)
Deferred outflows related to changes in pension actuarial experience	(238,285)
Deferred outflows related to pension changes in projected investment earnings	550,691
Deferred outflows related to OPEB changes in projected investment earnings	46,780
Deferred outflows related to pension changes in actuarial assumptions	(317,392)
Deferred outflows related to OPEB changes in actuarial assumptions	(23,952)

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	3,615,000
Note payments	1,415,981
Issuance of bonds and notes	(5,250,000)
Issuance of refunding bonds	(9,155,000)
Premium on bonds	(136,379)
Capital lease payments	975,075
Issuance of capital lease	(514,134)
Payments to escrow agent	10,623,910
Premium on bonds refunded	(1,582,321)
Deferred charge on refunding	(143,910)

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	(15,975)
Accrued interest	(91,893)
Amortization of deferred charge on refunding	(614,389)
Amortization of bond premiums	761,252
Net pension liability	(289,736)
Deferred inflows related to pension changes in actuarial experience	278,460
Deferred inflows related to OPEB changes in actuarial experience	290,111
Deferred inflows related to changes in pension actuarial assumptions	1,604,833
Net OPEB liability	(40,127)

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.

(40,776)

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>15,316,023</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH WINDSOR, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2019

	Governmental Activities Internal Service Fund
Current Assets:	
Cash and cash equivalents	\$ 4,158,395
Accounts receivable	<u>133,714</u>
Total assets	4,292,109
Current Liabilities:	
Accounts and other payables	<u>812,297</u>
Net Position:	
Unrestricted	\$ <u><u>3,479,812</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, 2019**

	Governmental Activities Internal Service Fund
Operating Revenues:	
Charges for services	\$ 13,624,015
Operating Expenses:	
Employee benefits	<u>13,680,150</u>
Operating Income	(56,135)
Nonoperating Revenue:	
Income on investments	<u>15,359</u>
Change in Net Position	(40,776)
Net Position at Beginning of Year	<u>3,520,588</u>
Net Position at End of Year	\$ <u><u>3,479,812</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, 2019

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from premiums - Town departments and agencies	\$ 13,624,015
Claims paid	<u>(13,894,652)</u>
Net cash provided by (used in) operating activities	(270,637)
Cash Flows from Investing Activities:	
Income from investments	<u>15,359</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(255,278)
Cash and Cash Equivalents at Beginning of Year	<u>4,413,673</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>4,158,395</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in)	
Operating Activities:	
Operating income (loss)	\$ <u>(56,135)</u>
Adjustments to reconcile operating income (loss) to net cash provided by	
(used in) operating activities:	
(Increase) decrease in accounts receivable	(2,691)
(Increase) decrease interfund receivable	28,892
Increase (decrease) in accounts and other payables	<u>(240,703)</u>
Total adjustments	<u>(214,502)</u>
Net Cash Provided by (Used In) Operating Activities	\$ <u><u>(270,637)</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, 2019

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 842,277	\$ 1,414,325
Investments:		
Mutual funds	46,715,250	
Accounts receivable		1,134
	<u>47,557,527</u>	<u>1,415,459</u>
Total assets		\$ <u>1,415,459</u>
Liabilities:		
Accounts payable		\$ 16,223
Due to other groups		1,399,236
	<u>-</u>	<u>1,415,459</u>
Total liabilities		\$ <u>1,415,459</u>
Net Position:		
Restricted for Pension Benefits and Other Purposes	\$ <u>47,557,527</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, 2019

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	\$ 4,142,319
Plan members	522,341
Total contributions	<u>4,664,660</u>
Investment earnings:	
Net change in fair value of investments	<u>1,486,164</u>
Total additions	<u>6,150,824</u>
Deductions:	
Benefits	3,895,645
Administration	98,310
Total deductions	<u>3,993,955</u>
Change in Net Position	2,156,869
Net Position at Beginning of Year	<u>45,400,658</u>
Net Position at End of Year	<u><u>\$ 47,557,527</u></u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of South Windsor (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

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

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These criteria have been considered, and there are no agencies or entities that should be presented with the Town.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

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

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

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

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

G. Capital Assets

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

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

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

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

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in actuarial assumptions and differences between expected and actual investment returns. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). No Deferred outflows of resources affect the governmental fund financial statements in the current year.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

I. Compensated Absences

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

J. Net Pension Liability

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

K. Net OPEB Liability

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

L. Long-Term Obligations

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

M. Fund Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance

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

N. Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

- Prior to March 15, the Board of Education submits to the Town Council a proposed budget for the year commencing July 1. Prior to March 22, the Town Manager submits to the Town Council a proposed operating budget for the general government for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. By April 15, the Town Council must have the Board of Education budget ready for public hearing and by April 22, the Town Council must have the general government budget ready for public hearing.
- By April 30, public hearings are conducted on the Board of Education budget and by May 7, public hearings are conducted on the general government budget.
- By May 15, the Town Council shall adopt the Board of Education budget and by May 22, the Town Council shall adopt the general government budget.
- The Town Manager may transfer unencumbered funds within a department budget. The Town Council may transfer unencumbered funds between departments and is authorized to make additional appropriations. There were no additional appropriations approved during the year.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year, or no expenditure from or encumbrance of the appropriation has been made for three consecutive fiscal years.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

B. Fund Deficits

The major fund Capital Projects and the nonmajor governmental fund High School Athletic Association had a deficit fund balance of \$4,249,108 and \$12,723, respectively, at June 30, 2019. These deficits will be funded with future charges for services, bonding and contributions from the General Fund.

C. Expenditures Exceed Appropriations

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

<u>Department</u>	<u>Amount</u>
Town attorney	\$ 123,869
Library	3,036

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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*, \$22,691,172 of the Town's bank balance of \$23,441,172 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 20,347,055
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>2,344,117</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 22,691,172</u>

Cash Equivalents

At June 30, 2019, the Town's cash equivalents amounted to \$35,696,841. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm
Wells Fargo	*
*not rated	

Investments

Investments as of June 30, 2019 in all funds are as follows:

Investment Type	Fair Value
Mutual funds	\$ 46,843,061

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, the Town had no uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2019:

	<u>June 30,</u> <u>2019</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual funds	\$ <u>46,843,061</u>	\$ <u>45,270,287</u>	\$ <u>1,572,774</u>	\$ <u>-</u>

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 843,309	\$	\$ 90,843	\$	\$ 934,152
Taxes	2,102,939				2,102,939
Accounts	135,299		169,727	159,717	464,743
Intergovernmental	12,895	344,419		109,994	467,308
Special assessments			19,396		19,396
Gross receivables	<u>3,094,442</u>	<u>344,419</u>	<u>279,966</u>	<u>269,711</u>	<u>3,988,538</u>
Less allowance for uncollectibles:					
Taxes	<u>(483,677)</u>				<u>(483,677)</u>
Net Total Receivables	<u>\$ 2,610,765</u>	<u>\$ 344,419</u>	<u>\$ 279,966</u>	<u>\$ 269,711</u>	<u>\$ 3,504,861</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases and Adjustments</u>	<u>Decreases and Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,522,047	\$ 854,924	\$	\$ 19,376,971
Construction in progress	52,204,702	12,257,145		64,461,847
Total capital assets not being depreciated	<u>70,726,749</u>	<u>13,112,069</u>	<u>-</u>	<u>83,838,818</u>
Capital assets being depreciated:				
Buildings	130,933,891			130,933,891
Improvements other than buildings	27,380,211	445,601		27,825,812
Furniture and equipment	22,092,265	1,601,195	(465,530)	23,227,930
Infrastructure	139,451,562			139,451,562
Total capital assets being depreciated	<u>319,857,929</u>	<u>2,046,796</u>	<u>(465,530)</u>	<u>321,439,195</u>
Less accumulated depreciation for:				
Buildings	(67,579,387)	(1,683,098)		(69,262,485)
Improvements other than buildings	(10,791,114)	(928,303)		(11,719,417)
Furniture and equipment	(15,609,606)	(878,750)	183,223	(16,305,133)
Infrastructure	(64,274,222)	(1,351,242)		(65,625,464)
Total accumulated depreciation	<u>(158,254,329)</u>	<u>(4,841,393)</u>	<u>183,223</u>	<u>(162,912,499)</u>
Total capital assets being depreciated, net	<u>161,603,600</u>	<u>(2,794,597)</u>	<u>(282,307)</u>	<u>158,526,696</u>
Governmental Activities Capital Assets, Net	<u>\$ 232,330,349</u>	<u>\$ 10,317,472</u>	<u>\$ (282,307)</u>	<u>\$ 242,365,514</u>

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

Governmental activities:	
General Government	\$ 71,946
Public Safety	753,224
Public Works	1,782,215
Culture and recreation	388,901
Human Services	20,003
Education	<u>1,825,104</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,841,393</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Construction Commitments

The Town has active construction projects as of June 30, 2019. At year end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Road Improvement Projects	\$ 2,419,138	\$ 1,578,312
Board of Education Projects	38,251,761	51,578,940
Sewer Projects	526,533	128,143

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

6. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances are a result of timing differences between the dates payments occurred for various activities. A summary of interfund balances as of June 30, 2019 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 16,584
Sewer Operating Fund	General Fund	1,654,853
Capital Projects Funds	General Fund	18,554,030
Nonmajor Governmental Funds	General Fund	<u>3,426,498</u>
Total		\$ <u><u>23,651,965</u></u>

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Transfers are used to account for the financing by the General Fund of various programs and activities in other funds. The transfers that occurred during the year are as follows:

	Transfers In			Total
	General Fund	Capital Projects	Sewer Operating	Transfers Out
Transfers out:				
General Fund	\$	\$ 1,754,482	\$	\$ 1,754,482
Capital projects	385,000			385,000
Sewer Operating	37,240	1,092,500		1,129,740
Nonmajor Governmental	13,958		25,798	39,756
Total Transfers In	\$ <u>436,198</u>	\$ <u>2,846,982</u>	\$ <u>25,798</u>	\$ <u>3,308,978</u>

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

A schedule of long-term liabilities outstanding at June 30, 2019 is presented below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Bonds and notes payable	\$ 72,677,127	\$ 14,405,000	\$ (15,510,981)	\$ 71,571,146	\$ 5,599,562
Premiums	2,550,427	1,718,700	(761,252)	3,507,875	
	<u>75,227,554</u>	<u>16,123,700</u>	<u>(16,272,233)</u>	<u>75,079,021</u>	<u>5,599,562</u>
Capital leases	3,825,260	514,134	(975,075)	3,364,319	824,610
Compensated absences	8,606,152	103,949	(87,974)	8,622,127	1,834,148
Net OPEB liability	6,864,529	40,127		6,904,656	
Net pension liability	<u>16,476,709</u>	<u>289,736</u>		<u>16,766,445</u>	
Total Governmental Activities Long-Term Liabilities	\$ <u>111,000,204</u>	\$ <u>17,071,646</u>	\$ <u>(17,335,282)</u>	\$ <u>110,736,568</u>	\$ <u>8,258,320</u>

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Bonds and notes payable at June 30, 2019 comprise the following:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2019
General Purpose:					
Refunding bond	3/13/2012	8/1/2025	2.0-4.0%	\$ 15,185,000	\$ 955,000
Improvement bond	2/15/2012	2/15/2022	1.0-2.0%	2,000,000	600,000
Refunding bond	6/4/2014	8/15/2022	2.0-5.0%	4,222,000	1,925,000
Improvement bond	2/18/2015	2/15/2035	1.75-4.0%	1,900,000	1,700,000
Improvement bond	2/17/2016	2/15/2036	2.0-5.0%	3,000,000	2,680,000
Improvement bond	2/15/2017	2/15/2033	2.0-5.0%	4,000,000	3,285,000
Improvement bond	2/16/2018	2/15/2038	3.0-5.0%	4,000,000	4,000,000
Refunding bond	8/15/2017	8/15/2033	2.0-4.0%	1,862,000	1,862,000
Improvement bond	2/14/2019	2/1/2039	2.0-5.0%	750,000	750,000
Refunding bond	6/27/2019	8/1/2030	2.375-4.0%	9,155,000	9,155,000
Schools:					
Improvement bond	2/18/2015	2/15/2035	1.75-4.0%	3,260,000	2,860,000
Improvement bond	2/17/2016	2/15/2036	2.0-5.0%	1,300,000	1,170,000
Improvement bond	2/15/2017	2/15/2033	3.0-5.0%	7,860,000	6,475,000
Improvement bond	2/16/2018	2/15/2038	3.0-5.0%	7,500,000	7,110,000
Refunding bond	8/15/2017	8/15/2033	2.0-4.0%	702,000	702,000
Improvement bond	2/14/2019	2/1/2039	2.0-5.0%	4,500,000	4,500,000
Sewer:					
Clean Water Note Vernon	1/1/2002	7/1/2021	2%	800,000	94,545
Clean Water Note Pleasant	11/30/2005	5/31/2025	2%	402,727	135,044
Clean Water Note Submersible pump station	12/28/2006	7/1/2026	2%	1,568,029	622,342
Clean Water Note	10/31/2012	12/30/2032	2%	27,516,583	19,429,215
Refunding bond	8/15/2017	8/15/2033	2.0-4.0%	1,561,000	1,561,000
Total					<u>\$ 71,571,146</u>

The following is a schedule of future debt service requirements as of June 30, 2019:

Fiscal Year Ending	Principal Payments	Interest Payments	Total Debt Service
2020	\$ 5,599,562	\$ 2,053,166	\$ 7,652,728
2021	5,708,719	2,035,355	7,744,074
2022	5,260,440	1,818,333	7,078,773
2023	5,174,358	1,618,357	6,792,715
2024	4,869,318	1,418,096	6,287,414
2025-2029	23,536,651	4,868,326	28,404,977
2030-2034	16,972,098	1,846,599	18,818,697
2035-2039	4,450,000	363,538	4,813,538
	<u>\$ 71,571,146</u>	<u>\$ 16,021,770</u>	<u>\$ 87,592,916</u>

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
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The Town issued \$5,250,000 of general obligation bonds on February 14, 2019 for various capital improvement projects. The bonds bear interest of 2.0%-5.0% and mature on February 1, 2039.

On June 18, 2019, the Town issued \$9,155,000 in General Obligation Refunding Bonds with interest rates between 2.375% and 4.00% and a final maturity of August 1, 2030. The bonds were issued to advance refund the 2012 General Obligation Bonds of \$10,480,000. The net proceeds of \$10,737,321 after an original premium of \$1,582,321 and payment of \$113,411 in underwriter's fees and other issuance costs were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by, the United State of America to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net assets. The transaction generated a cash flow savings of \$613,746 and a present value savings of \$615,048. The escrow balance at June 30, 2019 was \$10,622,364.

Legal Debt Limit

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 224,469,686	\$ 28,514,583	\$ 195,955,103
Schools	448,939,373	70,410,655	378,528,718
Sewers	374,116,144	33,565,558	340,550,586
Urban renewal	324,233,991		324,233,991
Pension deficit	299,292,915		299,292,915

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$698,350,135.

Authorized and unissued debt is as follows:

<u>Project</u>	<u>Authorized</u>	<u>Bonds/BANS</u>		<u>Authorized But Unissued</u>
		<u>Issued</u>	<u>Grants</u>	
Water Pollution Control Facility Project	\$ 47,000,000	\$ 27,516,583	\$ 7,760,005	\$ 11,723,412
Orchard Hill Elementary School Project	33,521,724	20,000,000	11,825,341	1,696,383
2014 - Road / Drainage Improvements	12,000,000	11,350,000	647,417	2,583
Eli Terry Elementary School Project	37,419,060	8,500,000	825,560	28,093,500
Philip R. Smith Elementary School Project	32,480,940	7,500,000	647,916	24,333,024
2018 Open Space Acquisitions	2,000,000	400,000		1,600,000
Total	<u>\$ 164,421,724</u>	<u>\$ 75,266,583</u>	<u>\$ 21,706,239</u>	<u>\$ 67,448,902</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Capital Leases

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

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

Cost	\$ 10,030,771
Accumulated depreciation	<u>(2,290,595)</u>
Net Leased Equipment	<u>\$ 7,740,176</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, 2019:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2020	\$ 948,229
2021	941,034
2022	606,452
2023	387,400
2024	382,258
2025-2029	456,555
Less amount representing interest	<u>(357,609)</u>
Present Value of Minimum Lease Payments	<u>\$ 3,364,319</u>

Bond Anticipation Notes

The Town issued bond anticipation notes on February 14, 2019 maturing on February 13, 2020 for \$16,000,000. The current interest rate on the notes is 3.0% 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, 2019:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
2014 - Road/Drainage Improvement	2/15/2018	2/14/2019	2.50%	\$ 4,500,000	\$	\$ (4,500,000)	\$ -
Orchard Hill Elementary Project	2/15/2018	2/14/2019	2.50%	350,000		(350,000)	-
Eli Terry Elementary School Project	2/14/2019	2/13/2020	3.00%		8,500,000		8,500,000
Philip R. Smith Elementary School Project	2/14/2019	2/13/2020	3.00%		7,500,000		7,500,000
Total				<u>\$ 4,850,000</u>	<u>\$ 16,000,000</u>	<u>\$ (4,850,000)</u>	<u>\$ 16,000,000</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
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8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2019 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 20,485	\$ 20,485
Prepaid items	13,500				13,500
Restricted for:					
Education				477,192	477,192
Public safety				62,551	62,551
Public works				409,345	409,345
Health and welfare				606,254	606,254
Committed to:					
General government				302,723	302,723
Public safety				77,576	77,576
WPCA capital improvements					
Public works			1,505,650		1,505,650
Culture and recreation				1,083,889	1,083,889
Education				798,402	798,402
Capital Projects					
Tax Stabilization Program	3,000,000				3,000,000
Assigned to:					
Various capital projects	700,000				700,000
Subsequent year's budget	200,000				200,000
General government	129,312				129,312
Public safety	73,991				73,991
Public works	126,605				126,605
Health and welfare	1,663				1,663
Culture and recreation	136,753				136,753
Education	2,456,755				2,456,755
Unassigned	15,245,581	(4,249,108)		(12,723)	10,983,750
Total Fund Balances	\$ <u>22,084,160</u>	\$ <u>(4,249,108)</u>	\$ <u>1,505,650</u>	\$ <u>3,825,694</u>	\$ <u>23,166,396</u>

Significant encumbrances of \$2,925,079, \$173,255 and \$37,282 are included in the General Fund, Sewer Operating Fund and nonmajor governmental fund Recreation, respectively, at June 30, 2019.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. Plan Description and Benefits Provided

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

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

As of July 1, 2018, the plans' membership consisted of:

	Town Plan	Board of Education Plan
Retirees and beneficiaries currently receiving benefits	86	69
Terminated members entitled to benefits but not yet receiving them	18	18
Current active members	76	70
Total	<u>180</u>	<u>157</u>

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Valuation of Investments

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

Benefit Provisions

Town Plan

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

Board of Education Plan

Employees become eligible to participate in the plan upon completing 1 year of continuous service, attaining age 21 and agreeing in writing to make required employee contributions. Employees are 100% vested after completing five years of continuous service.

C. Funding Policy

Employer Contributions

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

Employee Contributions

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
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D. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2019:

Asset Class	Targeted Allocation
U.S. Core Fixed Income	24.00%
U.S. Bank I Leveraged Loans	5.50%
Global Bonds	5.50%
U.S. Large Caps	20.00%
U.S. Small Caps	5.00%
U.S. Large Growth	5.50%
U.S. Large Value	7.50%
Non-U.S. Equity	22.00%
Global REITs	5.00%

Rate of Return

For the year ended June 30, 2019, 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 3.09% and 3.51%, 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, 2019, were as follows:

	Town	Board of Education
Total pension liability	\$ 44,371,266	\$ 17,236,471
Plan fiduciary net position	<u>30,287,778</u>	<u>14,553,514</u>
Net Pension Liability	<u>\$ 14,083,488</u>	<u>\$ 2,682,957</u>
Plan fiduciary net position as a percentage of the total pension liability	68%	84%

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Actuarial Assumptions

The total pension liability for the Town and Board of Education plans were determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.7%
Salary increases	3.0%, average, including inflation
Investment rate of return	6.75% for the Town and Board of Education, net of pension plan investment expense, including inflation
Amortization Period	26 years, closed

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

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, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return	
	Town	BOE
U.S. Core Fixed Income	2.27%	2.27%
U.S. Bank I Leveraged Loans	2.45%	2.45%
Global Bonds	0.40%	0.40%
U.S. Large Caps	3.13%	3.13%
U.S. Small Caps	3.62%	3.62%
U.S. Large Growth	3.52%	3.52%
U.S. Large Value	2.98%	2.98%
Non-U.S. Equity	4.11%	4.11%
Global REITs	3.76%	3.76%

Discount Rate

The discount rate used to measure the total pension liability for the Town and Board of Education plans was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate of 6.75%.for the Town plan did not change as of June 30, 2019.

TOWN OF SOUTH WINDSOR, CONNECTICUT
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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 6.75%, as well as what the Town and Board of Education's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.5%)
Town's Net Pension Liability	\$ 19,369,440	\$ 14,083,488	\$ 9,461,341
Board of Education's Net Pension Liability	4,742,089	2,682,957	1,162,302

F. Changes in the Net Pension Liability

Town Pension Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2018	\$ 43,109,556	\$ 28,680,868	\$ 14,428,688
Changes for the year:			
Service cost	729,114		729,114
Interest on total pension liability	2,877,916		2,877,916
Differences between expected and actual experience	100,366		100,366
Employer contributions		2,856,477	(2,856,477)
Member contributions		340,504	(340,504)
Net investment income		911,856	(911,856)
Benefit payments, including refund to employee contributions	(2,445,686)	(2,445,686)	-
Administrative expenses		(56,241)	56,241
Net changes	1,261,710	1,606,910	(345,200)
Balances as of June 30, 2019	\$ 44,371,266	\$ 30,287,778	\$ 14,083,488

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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Board of Education Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2018	\$ 16,385,700	\$ 14,337,679	\$ 2,048,021
Changes for the year:			
Service cost	466,647		466,647
Interest on total pension liability	1,105,965		1,105,965
Differences between expected and actual experience	229,078		229,078
Employer contributions		530,051	(530,051)
Member contributions		181,837	(181,837)
Net investment income (loss)		495,218	(495,218)
Benefit payments, including refund to employee contributions	(950,919)	(950,919)	-
Administrative expenses		(40,352)	40,352
Net changes	850,771	215,835	634,936
Balances as of June 30, 2019	\$ 17,236,471	\$ 14,553,514	\$ 2,682,957

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

For the year ended June 30, 2019, the Town and Board of Education pension plans recognized pension expense of \$1,173,847 and \$624,110, respectively. At June 30, 2019, the Town and Board of Education pension plans reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Town	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 666,207	\$
Changes of assumptions		1,715,565
Net difference between projected and actual earning on pension plan investments	549,721	
Total	\$ 1,215,928	\$ 1,715,565

TOWN OF SOUTH WINDSOR, CONNECTICUT
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	Board of Education	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 209,088	\$ 35,435
Changes of assumptions	25,481	655,886
Net difference between projected and actual earning on pension plan investments	<u>260,036</u>	<u></u>
Total	<u>\$ 494,605</u>	<u>\$ 691,321</u>

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

Year Ending June 30,	Town	BOE
2020	\$ (522,448)	\$ (69,832)
2021	(313,857)	(259,593)
2022	127,000	34,605
2023	209,668	98,104

H. Combining Financial Statements

	Town Plan	Board of Education Plan	Other Post Employment Benefit Trust Fund	Total
Assets:				
Cash and cash equivalent	\$ 630,208	\$ 191,082	\$ 20,987	\$ 842,277
Investments, at fair value:				
Mutual funds	<u>29,657,570</u>	<u>14,362,432</u>	<u>2,695,248</u>	<u>46,715,250</u>
Total Assets	<u>\$ 30,287,778</u>	<u>\$ 14,553,514</u>	<u>\$ 2,716,235</u>	<u>\$ 47,557,527</u>
Net Position Restricted for Pension Benefits	<u>\$ 30,287,778</u>	<u>\$ 14,553,514</u>	<u>\$ 2,716,235</u>	<u>\$ 47,557,527</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
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	Town Plan	Board of Education Plan	Other Post Employment Benefit Trust Fund	Total
Additions:				
Contributions:				
Employer	\$ 2,856,477	\$ 530,051	\$ 755,791	\$ 4,142,319
Employee	340,504	181,837		522,341
Total contributions	3,196,981	711,888	755,791	4,664,660
Investment income:				
Net change in fair value of investments	911,856	495,218	79,090	1,486,164
Total additions	4,108,837	1,207,106	834,881	6,150,824
Deductions:				
Benefits	2,445,686	950,919	499,040	3,895,645
Administration	56,241	40,352	1,717	98,310
Total deductions	2,501,927	991,271	500,757	3,993,955
Changes in Net Position	1,606,910	215,835	334,124	2,156,869
Net Position at July 1, 2018	28,680,868	14,337,679	2,382,111	45,400,658
Net Position at June 30, 2019	\$ 30,287,778	\$ 14,553,514	\$ 2,716,235	\$ 47,557,527

Connecticut Teachers Retirement System - Pension

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

Employees

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

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

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

At June 30, 2019, 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>109,538,605</u>
Total	\$ <u>109,538,605</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2019, the Town recognized pension expense and revenue of \$12,293,773 in Exhibit II.

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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E. Actuarial Assumptions

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	6.0%	0.4%
Total	100.00%	

F. Discount Rate

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

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

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

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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Defined Contribution Plan

A. Plan Description

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

B. Plan Provisions

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

C. Contribution Requirements and Contributions Made

The employer contribution for members of the Police Union hired after July 1, 2005 and Public Works, Community Service Officers and Pollution Control Unions hired after July 1, 2008 is 6.0% of earnings. The total Town contribution during the year ended June 30, 2019 for these groups was \$175,862 and represented 6.0% of covered payroll. The employees' contributions were \$191,691 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, 2019 for this group was \$440,755 and represented 12.07% of covered payroll. The employees' required contributions were \$177,655 and represented 4.5% of covered payroll. The authority to establish and amend contribution requirements is by the Town Council.

D. Employer and Employee Obligations

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

10. OTHER POSTEMPLOYMENT BENEFITS

OPEB Plan

A. Plan Description

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

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

In the July 1, 2017, actuarial valuation, the entry age normal actuarial cost method was used. The ADC reflects a closed 30-year, level amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 6.75% investment rate of return and inflation rate of 2.70%.

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

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

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

B. Funding Policy

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

Teachers and Administrators

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

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

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Police

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

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

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

Town (Pollution Union, Dispatchers and Public Works)

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

C. Investments

Investment Policy

OPEB Benefit Plan's policy in regard to the allocation of invested assets is established and may be amended by the trust document. It is the policy of the Pension Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Town's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 3.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the Town

The Town's net OPEB liability was measured at June 30, 2019. The components of the net OPEB liability of the Town at June 30, 2019 were as follows:

	<u>OPEB Plan</u>
Total OPEB Liability	\$ 9,620,891
Plan fiduciary net position	<u>2,716,235</u>
Net OPEB Liability	<u><u>\$ 6,904,656</u></u>
Plan fiduciary net position as a percentage of the total pension liability	28.23%

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Actuarial Assumptions

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2018 are summarized in the following table:

Asset Class	Targeted Allocation	Long-Term Expected Real Rate of Return
U.S. Core Fixed Income	24.00%	2.27%
U.S. Bank & Leveraged Loans	5.50%	2.45%
Global Bonds	5.50%	0.40%
U.S. Large Caps	20.00%	3.13%
U.S. Small Caps	5.00%	3.62%
U.S. Large Growth	5.50%	3.52%
U.S. Large Value	7.50%	2.98%
Non-U.S. Equity	22.00%	4.11%
Global REITs	5.00%	3.76%
	100%	

TOWN OF SOUTH WINDSOR, CONNECTICUT
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Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

E. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2018	\$ 9,246,640	\$ 2,382,111	\$ 6,864,529
Changes for the year:			
Service cost	248,909		248,909
Interest on total OPEB liability	624,382		624,382
Employer contributions		755,791	(755,791)
Net investment income (loss)		79,090	(79,090)
Benefit payments	(499,040)	(499,040)	-
Administrative expenses		(1,717)	1,717
Net changes	374,251	334,124	40,127
Balances as of June 30, 2019	\$ 9,620,891	\$ 2,716,235	\$ 6,904,656

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 7,790,765	\$ 6,904,656	\$ 6,113,507

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

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

	1% Decrease (4.48-3.50% Over 56 Years)	Current Trend Rate (5.48-4.50% Over 56 Years)	1% Increase (6.48-5.50% Over 56 Years)
Net OPEB Liability	\$ 5,824,741	\$ 6,904,656	\$ 8,161,174

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$482,979. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 2,030,773
Changes of assumptions or other inputs	167,667	
Net difference between projected and actual earnings	148,902	
Total	\$ 316,569	\$ 2,030,773

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

<u>Year Ending June 30</u>	
2020	\$ (222,550)
2021	(222,550)
2022	(222,552)
2023	(248,082)
2024	(266,159)
Thereafter	(532,311)

**TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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Connecticut State Teachers Retirement Plan

A. Plan Description

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

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

B. Benefit Provisions

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

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

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

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

Survivor Health Care Coverage

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

C. Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

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

Employer (School Districts)

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

Employees

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

At June 30, 2019, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>21,897,445</u>
Total	\$ <u>21,897,445</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the Town recognized OPEB expense and revenue of \$(7,274,318) in Exhibit II.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

**TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

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

I. Other Information

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

11. RISK MANAGEMENT

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

Town health benefits are provided through an Internal Service Fund. The Self Insurance Reserve Fund accounts for medical claim activity and service fees on a self-insured basis. Town liability is limited through the purchase of Individual Stop Loss (ISL) and that caps the Town's liability annually to \$200,000 per participant. Anthem and Delta Dental are the Town's medical providers and administer payment of claims directly to providers. The town works with a consultant to analyze claims, calculate the incurred but not reported (IBNR) claims liability at year end as well as advise the town on all health-related issues throughout the year.

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

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
Medical Insurance Fund:				
2017-2018	1,176,000	14,722,219	14,845,219	1,053,000
2018-2019	1,053,000	13,680,150	13,920,853	812,297

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

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


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

12. CONTINGENT LIABILITIES

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

13. TAX ABATEMENTS

The Town has entered into multiple tax abatement agreements with developers and real property owners in order to assist in the economic development of the Town. The Town has agreed to provide a reduction to the real property assessments for a period of time to offset the cost of developing the area pursuant to Chapter 203 of the Connecticut General Statutes. The Town reduced its property tax revenue by \$2,406,849 for the year ended June 30, 2019.



Required Supplementary Information

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Property Taxes:				
Current taxes	\$ 101,742,456	\$ 101,742,456	\$ 101,910,660	\$ 168,204
Delinquent taxes	700,000	700,000	1,364,397	664,397
Supplemental motor vehicles	850,000	850,000	1,148,467	298,467
Interest	500,000	500,000	1,080,346	580,346
Liens	5,000	5,000	10,434	5,434
Housing authority - PILOT (in lieu of taxes)	25,000	25,000	30,035	5,035
Telephone access relief	60,000	60,000	37,746	(22,254)
Total property taxes	<u>103,882,456</u>	<u>103,882,456</u>	<u>105,582,085</u>	<u>1,699,629</u>
Intergovernmental:				
State assistance - education:				
Education equalization	9,876,634	9,876,634	11,439,569	1,562,935
Other assistance:				
Property tax relief			142,250	142,250
Elderly tax freeze			1,794	1,794
DOT Elderly Transportation	33,444	33,444	33,444	-
State sundry grants			37,358	37,358
Youth service grants	20,000	20,000	20,746	746
Municipal stabilization			57,854	57,854
Municipal grants-in-aid	1,338,190	1,338,190	1,338,190	-
Veterans' exemption	15,000	15,000	14,555	(445)
Total intergovernmental	<u>11,283,268</u>	<u>11,283,268</u>	<u>13,085,760</u>	<u>1,802,492</u>
Charges for Services:				
Building permits	650,000	650,000	1,258,005	608,005
Probate court rentals	8,500	8,500	12,332	3,832
Town Clerk fees	550,000	550,000	673,845	123,845
Planning and zoning fees	50,000	50,000	14,719	(35,281)
General government sundry	150,000	150,000	277,547	127,547
Police	26,000	26,000	18,428	(7,572)
Recycling rebate			19,738	19,738
Health permits	10,000	10,000	28,663	18,663
Engineering permits	5,000	5,000	10,530	5,530
Zoning board of appeals	1,000	1,000	1,300	300
Refuse and recycling	125,000	125,000	55,631	(69,369)
Fire Marshal fees	85,000	85,000	113,284	28,284
Total charges for services	<u>1,660,500</u>	<u>1,660,500</u>	<u>2,484,022</u>	<u>823,522</u>
Investment Earnings	<u>300,000</u>	<u>300,000</u>	<u>1,019,772</u>	<u>719,772</u>
Total Revenues	<u>117,126,224</u>	<u>117,126,224</u>	<u>122,171,639</u>	<u>5,045,415</u>

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Other Financing Sources:				
Transfers in:				
Sewer Operating	\$ 37,240	\$ 37,240	\$ 37,240	\$ -
Library funds	17,000	17,000	13,958	(3,042)
CNR Fund	385,000	385,000	385,000	-
Fund balance appropriation	700,000	700,000		(700,000)
Total other financing sources	<u>1,139,240</u>	<u>1,139,240</u>	<u>436,198</u>	<u>(703,042)</u>
Total Revenues and Other Financing Sources	<u>\$ 118,265,464</u>	<u>\$ 118,265,464</u>	122,607,837	<u>\$ 4,342,373</u>
Budgetary revenues are different from GAAP revenues because:				
Premiums on bond issuance not budgeted			136,379	
Open Choice revenue netted for budgetary purposes			9,000	
OPEB expense (revenue) from State of Connecticut			(7,274,318)	
Pension expense from State of Connecticut			<u>12,293,773</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV				<u>\$ 127,772,671</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
General Government:				
Legislative:				
Town Council	\$ 175,974	\$ 175,974	\$ 169,147	\$ 6,827
Boards and Commissions:				
Human relations commission	2,500	2,500	2,252	248
Historic district commission	1,000	1,000	558	442
Public building commission	520	1,170	1,170	-
South Windsor redevelopment	1,000	500	150	350
Inland/wetlands - conservation	7,025	7,025	3,572	3,453
Land preservation advisory	300			-
Open space task force	500	150	46	104
Juvenile firesetter commission	1,500	1,500		1,500
Park and recreation commission	4,500	4,500	3,709	791
Planning and zoning	8,150	8,837	8,625	212
Zoning board of appeals	2,500	3,200	3,115	85
Economic development coordinator	3,000	6,800	5,325	1,475
Total boards and commissions	<u>32,495</u>	<u>37,182</u>	<u>28,522</u>	<u>8,660</u>
Judicial:				
Probate court	<u>20,075</u>	<u>20,075</u>	<u>18,530</u>	<u>1,545</u>
Elections:				
Registrar of voters	<u>170,000</u>	<u>181,700</u>	<u>163,332</u>	<u>18,368</u>
Executive:				
Town manager	199,298	195,498	185,352	10,146
Human resources	<u>294,074</u>	<u>325,079</u>	<u>313,184</u>	<u>11,895</u>
Total executive	<u>493,372</u>	<u>520,577</u>	<u>498,536</u>	<u>22,041</u>
Community Development:				
Planning department	277,654	276,767	276,325	442
Building department	<u>232,590</u>	<u>232,590</u>	<u>217,249</u>	<u>15,341</u>
Total community development	<u>510,244</u>	<u>509,357</u>	<u>493,574</u>	<u>15,783</u>
Finance:				
Assessor	298,339	298,339	296,272	2,067
Collector of revenue	221,517	221,517	204,271	17,246
Finance office	<u>355,462</u>	<u>355,462</u>	<u>351,000</u>	<u>4,462</u>
Total finance	<u>875,318</u>	<u>875,318</u>	<u>851,543</u>	<u>23,775</u>
Recording and Reporting:				
Town clerk	<u>231,166</u>	<u>231,166</u>	<u>225,966</u>	<u>5,200</u>
Law:				
Town attorney	<u>150,000</u>	<u>150,000</u>	<u>273,869</u>	<u>(123,869)</u>
Central Services:				
Town Hall	319,099	298,599	270,195	28,404
Information technology	1,019,265	1,019,265	1,005,418	13,847
Media	<u>22,275</u>	<u>22,275</u>	<u>18,644</u>	<u>3,631</u>
Total central services	<u>1,360,639</u>	<u>1,340,139</u>	<u>1,294,257</u>	<u>45,882</u>
Total general government	<u>4,019,283</u>	<u>4,041,488</u>	<u>4,017,276</u>	<u>24,212</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Public Safety:				
Police Protection:				
Police administration	\$ 571,902	\$ 619,902	\$ 615,621	\$ 4,281
Operations	4,009,547	3,961,547	3,691,144	270,403
Support services	1,977,883	1,977,883	1,930,473	47,410
Community services	174,614	174,614	167,250	7,364
Total police protection	<u>6,733,946</u>	<u>6,733,946</u>	<u>6,404,488</u>	<u>329,458</u>
Fire Protection:				
Fire marshal	245,601	245,601	230,536	15,065
Volunteer fire department	954,105	954,105	954,105	-
Hydrants and water lines	896,500	896,500	881,906	14,594
Total fire protection	<u>2,096,206</u>	<u>2,096,206</u>	<u>2,066,547</u>	<u>29,659</u>
Emergency management	<u>96,168</u>	<u>96,168</u>	<u>88,468</u>	<u>7,700</u>
Other protection:				
Street lights	<u>452,500</u>	<u>452,500</u>	<u>342,475</u>	<u>110,025</u>
Total public safety	<u>9,378,820</u>	<u>9,378,820</u>	<u>8,901,978</u>	<u>476,842</u>
Public Works:				
Administration:				
Management	<u>152,839</u>	<u>152,839</u>	<u>151,544</u>	<u>1,295</u>
Engineering:				
Technical support	<u>470,774</u>	<u>475,074</u>	<u>474,866</u>	<u>208</u>
Street Services:				
Highway maintenance	3,139,988	3,135,688	2,966,791	168,897
Fleet services	971,409	971,409	930,096	41,313
Total street services	<u>4,111,397</u>	<u>4,107,097</u>	<u>3,896,887</u>	<u>210,210</u>
Public Buildings:				
Building maintenance	<u>1,905,446</u>	<u>1,905,446</u>	<u>1,718,251</u>	<u>187,195</u>
Pollution Control:				
Refuse and recycling	<u>2,046,843</u>	<u>2,046,843</u>	<u>2,043,949</u>	<u>2,894</u>
Total public works	<u>8,687,299</u>	<u>8,687,299</u>	<u>8,285,497</u>	<u>401,802</u>
Human Services:				
Conservation of Health:				
Environmental health	175,604	175,604	159,600	16,004
Visiting nurse community care	9,500	8,882	5,190	3,692
Total conservation of health	<u>185,104</u>	<u>184,486</u>	<u>164,790</u>	<u>19,696</u>
Human service programs:				
Administration	92,202	93,228	92,840	388
Youth and family services	316,200	315,050	301,364	13,686
Adult and senior services	419,086	417,626	414,005	3,621
Mini-bus service	98,068	99,562	99,534	28
Sheltered workshops	2,697	3,405	3,315	90
Total human services programs	<u>928,253</u>	<u>928,871</u>	<u>911,058</u>	<u>17,813</u>
Total human services	<u>1,113,357</u>	<u>1,113,357</u>	<u>1,075,848</u>	<u>37,509</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over) Under</u>
Culture and Recreation:				
Recreation administration	\$ 2,094,440	\$ 2,094,440	\$ 2,072,206	\$ 22,234
Library	1,160,603	1,160,603	1,163,639	(3,036)
Total culture and recreation	<u>3,255,043</u>	<u>3,255,043</u>	<u>3,235,845</u>	<u>19,198</u>
Education	<u>74,028,368</u>	<u>74,028,368</u>	<u>74,026,917</u>	<u>1,451</u>
Insurance and Benefits:				
Municipal insurance:				
Insurance - casualty	<u>280,316</u>	<u>280,316</u>	<u>254,069</u>	<u>26,247</u>
Pension contributions:				
Pension	2,488,164	3,418,889	3,418,889	-
Social security	1,086,642	1,055,917	1,055,789	128
Total pension contributions	<u>3,574,806</u>	<u>4,474,806</u>	<u>4,474,678</u>	<u>128</u>
Health and life insurance	<u>3,215,480</u>	<u>2,315,480</u>	<u>2,309,265</u>	<u>6,215</u>
Workers' compensation	<u>417,738</u>	<u>406,828</u>	<u>379,198</u>	<u>27,630</u>
Unemployment compensation	<u>15,000</u>	<u>15,000</u>	<u>2,655</u>	<u>12,345</u>
Salary contingency	<u>20,000</u>	<u>116</u>		<u>116</u>
Total insurance and benefits	<u>7,523,340</u>	<u>7,492,546</u>	<u>7,419,865</u>	<u>72,681</u>
Other:				
Contingency	222,613	246,202	11,000	235,202
South Windsor patriotic commission	13,500	13,500	13,499	1
Cemeteries	8,000	18,000	14,000	4,000
Wood Memorial Library	7,500	12,500	12,500	-
Total other	<u>251,613</u>	<u>290,202</u>	<u>50,999</u>	<u>239,203</u>
Debt Service:				
Principal	4,968,061	4,968,061	4,968,061	-
Interest	3,285,798	3,255,798	3,252,133	3,665
Total debt service	<u>8,253,859</u>	<u>8,223,859</u>	<u>8,220,194</u>	<u>3,665</u>
Total expenditures	<u>116,510,982</u>	<u>116,510,982</u>	<u>115,234,419</u>	<u>1,276,563</u>
Other Financing Uses:				
Transfer out	<u>1,754,482</u>	<u>1,754,482</u>	<u>1,754,482</u>	<u>-</u>
Total	<u>\$ 118,265,464</u>	<u>\$ 118,265,464</u>	<u>116,988,901</u>	<u>\$ 1,276,563</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
OPEB expense (revenue) from State of Connecticut
Pension expense from State of Connecticut
Open Choice Program grant netted with expenditures
Net bond issuance costs are not budgeted for

(2,332,625)
9,242
(7,274,318)
12,293,773
9,000
44,490

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

\$ 119,738,463

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Charges for services	\$ 4,868,535	\$ 4,868,535	\$ 5,319,630	\$ 451,095
Investment income	100	100	449	349
Miscellaneous	190,000	190,000	107,712	(82,288)
Total revenues	<u>5,058,635</u>	<u>5,058,635</u>	<u>5,427,791</u>	<u>369,156</u>
Expenditures:				
Full time salaries	998,895	974,660	973,311	1,349
Overtime	107,319	86,814	87,299	(485)
Longevity		700	700	-
Employee benefits	599,684	585,625	585,739	(114)
Office supplies	1,600	932	906	26
Operating material	91,450	106,450	92,870	13,580
Motor vehicle supplies	24,620	24,620	6,307	18,313
Uniforms and clothing	15,750	13,172	11,314	1,858
Fleet and equipment repair	83,000	97,000	95,491	1,509
Professional	160,252	160,252	156,950	3,302
Rental and leases	30,420	30,420	25,409	5,011
Utilities	501,950	474,071	459,663	14,408
Maintenance contracts	497,255	476,059	462,619	13,440
Repair and maintenance equipment	29,700	47,085	40,645	6,440
Fees and memberships	2,670	12,922	12,921	1
Recruitment and training	23,480	17,480	17,454	26
Other purchase services	326,000	385,469	385,469	-
Capital projects	65,000	67,578	67,578	-
Department equipment	96,600	94,022	90,587	3,435
Boards and Commissions - Office supplies	50	54	54	-
Boards and Commissions - Advertising	850	1,160	1,160	-
Debt service	394,323	394,323	307,322	87,001
Total expenditures	<u>4,050,868</u>	<u>4,050,868</u>	<u>3,881,768</u>	<u>169,100</u>
Excess of Revenues over Expenditures	1,007,767	1,007,767	1,546,023	538,256
Other Financing Sources (Uses):				
Transfers in	133,000	133,000	25,798	(107,202)
Transfers out	(1,204,740)	(1,204,740)	(1,129,740)	75,000
Net Change in Fund Balance	\$ <u>(63,973)</u>	\$ <u>(63,973)</u>	442,081	\$ <u>506,054</u>
Fund Balance at July 1, 2018			912,814	
Fund Balance at June 30, 2019			\$ <u>1,354,895</u>	

Reconciliation to GAAP Basis

	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis - June 30, 2019	\$ 5,427,791	\$ 3,881,768
Accrued payroll not budgeted		750
Encumbrances outstanding at June 30, 2018 liquidated and cancelled during the year ended June 30, 2019	(10,438)	46,288
Encumbrances charged to budgetary expenditures during the year ended June 30, 2019		(173,255)
Balance, GAAP Basis - June 30, 2018	\$ <u>5,417,353</u>	\$ <u>3,755,551</u>

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total pension liability:						
Service cost	\$ 344,193	\$ 597,904	\$ 566,952	\$ 532,281	\$ 516,713	\$ 729,114
Interest	2,494,478	2,658,282	2,931,266	3,052,104	3,073,845	2,877,916
Differences between expected and actual experience		1,272,460	234,828	(996,542)	1,521,292	100,366
Changes of assumptions	3,396,197	(1,861,513)	3,242,915	1,164,263	(4,354,897)	
Benefit payments, including refunds of member contributions	(1,680,365)	(1,591,710)	(1,796,252)	(1,797,376)	(2,050,807)	(2,445,686)
Administrative expense	(75,832)					
Net change in total pension liability	4,478,671	1,075,423	5,179,709	1,954,730	(1,293,854)	1,261,710
Total pension liability - beginning	31,714,877	36,193,548	37,268,971	42,448,680	44,403,410	43,109,556
Total pension liability - ending	36,193,548	37,268,971	42,448,680	44,403,410	43,109,556	44,371,266
Plan fiduciary net position:						
Contributions - employer	1,867,793	1,727,470	1,727,470	1,820,733	1,956,477	2,856,477
Contributions - member	257,692	382,108	345,568	397,315	356,918	340,504
Net investment income (loss)	3,279,002	70,803	(276,685)	2,772,961	2,256,287	911,856
Benefit payments, including refunds of member contributions	(1,680,365)	(1,591,710)	(1,796,252)	(1,797,376)	(2,050,807)	(2,445,686)
Administrative expense	(75,832)	(40,061)	(72,564)	(71,177)	(90,956)	(56,241)
Net change in plan fiduciary net position	3,648,290	548,610	(72,463)	3,122,456	2,427,919	1,606,910
Plan fiduciary net position - beginning	18,906,056	22,654,346	23,202,956	23,130,493	26,252,949	28,680,868
Plan fiduciary net position - ending	22,554,346	23,202,956	23,130,493	26,252,949	28,680,868	30,287,778
Net Pension Liability - Ending	\$ <u>13,639,202</u>	\$ <u>14,066,015</u>	\$ <u>19,318,187</u>	\$ <u>18,150,461</u>	\$ <u>14,428,688</u>	\$ <u>14,083,488</u>
Plan fiduciary net position as a percentage of the total pension liability	62.32%	62.26%	54.49%	59.12%	66.53%	68.26%
Covered payroll	\$ 4,749,846	\$ 4,716,701	\$ 4,716,701	\$ 4,540,844	\$ 4,177,838	\$ 5,634,675
Net pension liability as a percentage of covered payroll	287.15%	298.22%	409.57%	399.72%	345.36%	249.94%

Notes to Schedule

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total pension liability:						
Service cost	\$ 225,029	\$ 359,500	\$ 391,848	\$ 378,717	\$ 423,746	\$ 466,647
Interest	920,994	986,463	1,108,213	1,167,003	1,174,269	1,105,965
Differences between expected and actual experience	543,345	460,218	28,823	(566,948)	67,085	229,078
Changes of assumptions			1,346,357	407,690	(1,226,220)	
Benefit payments, including refunds of member contributions	(655,604)	(599,078)	(642,569)	(710,700)	(795,949)	(950,919)
Administrative expense	(43,468)					
Net change in total pension liability	990,296	1,207,103	2,232,672	675,762	(357,069)	850,771
Total pension liability - beginning	11,636,936	12,627,232	13,834,335	16,067,007	16,742,769	16,385,700
Total pension liability - ending	12,627,232	13,834,335	16,067,007	16,742,769	16,385,700	17,236,471
Plan fiduciary net position:						
Contributions - employer	922,555	268,665	535,965	549,460	603,433	530,051
Contributions - member	197,927	196,719	203,726	190,579	190,968	181,837
Net investment income (loss)	1,681,148	30,643	(126,326)	1,390,852	1,093,561	495,218
Benefit payments, including refunds of member contributions	(655,604)	(599,078)	(642,569)	(710,700)	(795,949)	(950,919)
Administrative expense	(43,468)	(25,907)	(42,202)	(43,369)	(49,869)	(40,352)
Net change in plan fiduciary net position	2,102,558	(128,958)	(71,406)	1,376,822	1,042,144	215,835
Plan fiduciary net position - beginning	10,016,519	12,119,077	11,990,119	11,918,713	13,295,535	14,337,679
Plan fiduciary net position - ending	12,119,077	11,990,119	11,918,713	13,295,535	14,337,679	14,553,514
Net Pension Liability - Ending	\$ <u>508,155</u>	\$ <u>1,844,216</u>	\$ <u>4,148,294</u>	\$ <u>3,447,234</u>	\$ <u>2,048,021</u>	\$ <u>2,682,957</u>
Plan fiduciary net position as a percentage of the total pension liability	95.98%	86.67%	74.18%	79.41%	87.50%	84.43%
Covered payroll	\$ 3,085,477	\$ 3,122,271	\$ 3,122,271	\$ 3,274,814	\$ 3,133,452	\$ 3,897,575
Net pension liability as a percentage of covered payroll	16.47%	59.07%	132.86%	105.27%	65.36%	68.84%

Notes to Schedule

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 1,573,634	\$ 1,500,972	\$ 1,583,496	\$ 1,697,994	\$ 1,686,734	\$ 1,727,470	\$ 1,727,470	\$ 1,820,733	\$ 1,956,477	\$ 1,714,348
Contributions in relation to the actuarially determined contribution	<u>963,169</u>	<u>1,278,427</u>	<u>1,343,147</u>	<u>1,697,994</u>	<u>1,867,793</u>	<u>1,727,470</u>	<u>1,727,470</u>	<u>1,820,733</u>	<u>1,956,477</u>	<u>2,856,477</u>
Contribution Deficiency (Excess)	<u>\$ 610,465</u>	<u>\$ 222,545</u>	<u>\$ 240,349</u>	<u>\$ -</u>	<u>\$ (181,059)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,142,129)</u>
Covered payroll	\$ 5,239,328	\$ 5,427,342	\$ 5,337,789	\$ 5,352,711	\$ 4,749,846	\$ 4,716,701	\$ 4,716,701	\$ 4,540,844	\$ 4,177,838	\$ 5,634,675
Contributions as a percentage of covered payroll	18.38%	23.56%	25.16%	31.72%	39.32%	36.62%	36.62%	40.10%	46.83%	50.69%

Notes to Schedule

Valuation date: July 1, 2018

Measurement date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age Normal
Amortization method	Level dollar, closed
Remaining amortization period	26 years
Asset valuation method	5-year smoothed market
Inflation	2.7%
Salary increases	3.0%
Turnover	Graded rates by age and group
Investment rate of return	6.75%
Retirement age	Earlier of Age 50 and 10 years of service, 25 years of service or Age 60 for Emergency Telecommunicators, Age 60 for Pollution and Public Works, earlier of Age 50 or 25 years of service for Police and 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 Combined Healthy Mortality with generational projection per Scale BB

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 522,765	\$ 487,057	\$ 481,339	\$ 443,288	\$ 450,378	\$ 535,965	\$ 535,965	\$ 549,460	\$ 603,433	\$ 530,051
Contributions in relation to the actuarially determined contribution	<u>432,575</u>	<u>407,333</u>	<u>752,056</u>	<u>518,288</u>	<u>922,555</u>	<u>268,665</u>	<u>535,965</u>	<u>549,460</u>	<u>603,433</u>	<u>530,051</u>
Contribution Deficiency (Excess)	<u>\$ 90,190</u>	<u>\$ 79,724</u>	<u>\$ (270,717)</u>	<u>\$ (75,000)</u>	<u>\$ (472,177)</u>	<u>\$ 267,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,512,067	\$ 3,652,821	\$ 3,419,019	\$ 3,012,321	\$ 3,085,477	\$ 3,122,271	\$ 3,122,271	\$ 3,274,814	\$ 3,133,452	\$ 3,897,575
Contributions as a percentage of covered payroll	12.32%	11.15%	22.00%	17.21%	29.90%	8.60%	17.17%	16.78%	19.26%	13.60%

Notes to Schedule

Valuation date: July 1, 2018
Measurement date: June 30, 2019
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age Normal
Amortization method Level dollar, closed
Remaining amortization period 26 years
Asset valuation method 5-year smoothed market
Inflation 2.7%
Salary increases 3.0%
Turnover Graded rates by age
Investment rate of return 6.75%
Retirement age Age 60 for Custodians/Maintainers, age 62 for all others
Disability Disability among active lives is discounted in advance according to a scale based on attained ages.
Spouse Benefits 75% of all participants are assumed to be married. Wives are assumed to be one year younger than their husbands.
Mortality RP-2000 Combined Healthy Mortality with generational projection per Scale BB

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense:						
Town Plan	16.37%	0.30%	-1.15%	11.54%	8.27%	3.09%
Board of Education Plan	16.90%	0.26%	-1.07%	11.64%	8.31%	3.51%

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>84,668,946</u>	<u>91,603,357</u>	<u>118,505,418</u>	<u>112,326,595</u>	<u>109,538,605</u>
Total	<u>\$ 84,668,946</u>	<u>\$ 91,603,357</u>	<u>\$ 118,505,418</u>	<u>\$ 112,326,595</u>	<u>\$ 109,538,605</u>
Town's covered payroll	\$ 54,350,173	\$ 56,460,373	\$ 57,676,185	\$ 57,779,960	\$ 59,477,857
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%	55.93%	57.69%

Notes to Schedule

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.00%, net of investment related expense

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB liability:			
Service cost	\$ 300,153	\$ 241,568	\$ 248,909
Interest	752,807	781,604	624,382
Differences between expected and actual experience		(2,610,995)	
Changes of assumptions		215,571	
Benefit payments, including refunds of member contributions	<u>(566,113)</u>	<u>(600,465)</u>	<u>(499,040)</u>
Net change in total pension liability	486,847	(1,972,717)	374,251
Total OPEB liability - beginning	<u>10,732,510</u>	<u>11,219,357</u>	<u>9,246,640</u>
Total OPEB liability - ending	<u>11,219,357</u>	<u>9,246,640</u>	<u>9,620,891</u>
Plan fiduciary net position:			
Contributions - employer	880,974	915,326	755,791
Net investment income	11,450	27,212	79,090
Benefit payments, including refunds of member contributions	(566,113)	(600,465)	(499,040)
Administrative expense	<u>(1,125)</u>	<u>(26,500)</u>	<u>(1,717)</u>
Net change in plan fiduciary net position	325,186	315,573	334,124
Plan fiduciary net position - beginning	<u>1,741,352</u>	<u>2,066,538</u>	<u>2,382,111</u>
Plan fiduciary net position - ending	<u>2,066,538</u>	<u>2,382,111</u>	<u>2,716,235</u>
Net OPEB Liability - Ending	<u>\$ 9,152,819</u>	<u>\$ 6,864,529</u>	<u>\$ 6,904,656</u>
Plan fiduciary net position as a percentage of the total OPEB liability	18.42%	25.76%	28.23%
Covered payroll	\$ 53,602,318	\$ 53,602,318	\$ 53,648,114
Net OPEB liability as a percentage of covered payroll	17.08%	12.81%	12.87%

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 665,000	\$ 700,000	\$ 700,000	\$ 864,000	\$ 864,000	\$ 1,007,276	\$ 1,007,276	\$ 880,974	\$ 880,974	\$ 755,791
Contributions in relation to the actuarially determined contribution	<u>671,000</u>	<u>700,000</u>	<u>658,000</u>	<u>864,000</u>	<u>927,000</u>	<u>1,007,276</u>	<u>1,025,696</u>	<u>880,974</u>	<u>915,326</u>	<u>755,791</u>
Contribution Deficiency (Excess)	<u>\$ (6,000)</u>	<u>\$ -</u>	<u>\$ 42,000</u>	<u>\$ -</u>	<u>\$ (63,000)</u>	<u>\$ -</u>	<u>\$ (18,420)</u>	<u>\$ -</u>	<u>\$ (34,352)</u>	<u>\$ -</u>
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 51,315,810	\$ 51,315,810	53,602,318	\$ 53,602,318	\$ 53,648,114
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	1.96%	2.00%	1.64%	1.71%	1.41%

Notes to Schedule

Valuation Date July 1, 2017
Measurement date June 30, 2019
Actuarially determined contribution rates are collected as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal
Inflation 2.70%
Medical Trend Rate 5.48% - 4.5% over 56 years
Salary increases including inflation Graded by age for Teachers and Administrators; 3.00% for all others

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

	2017	2018	2019
Annual money-weighted rate of return, net of investment expense:	0.56%	1.15%	3.00%

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


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

	<u>2018</u>	<u>2019</u>
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>28,911,595</u>	<u>21,897,445</u>
Total	<u>\$ 28,911,595</u>	<u>\$ 21,897,445</u>
Town's covered payroll	\$ 57,779,960	\$ 59,477,857
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%	1.49%

Notes to Schedule

Changes in benefit terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.
Changes of assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.</p> <p>Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the Total OPEB Liability as of the June 30, 2018 measurement date</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.</p> <p>The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.</p> <p>Long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.</p> <p>The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.</p> <p>The post-disability mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.</p> <p>The percentages of deferred, vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

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



Supplemental, Combining and Individual Fund Statements and Schedules



General Fund

General Fund

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

TOWN OF SOUTH WINDSOR, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 50,323,178	\$ 26,070,127
Property taxes receivable (net of allowance of \$483,677 in 2019 and \$700,220 in 2018)	1,619,262	2,344,217
Intergovernmental receivables	12,895	25,835
Other accounts receivable	978,608	1,513,761
Due from other funds	16,584	334,529
Prepaid items	<u>13,500</u>	<u>9,307</u>
Total Assets	<u>\$ 52,964,027</u>	<u>\$ 30,297,776</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,628,470	\$ 3,864,317
Due to other funds	<u>23,635,381</u>	<u>6,664,964</u>
Total liabilities	<u>26,263,851</u>	<u>10,529,281</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	2,287,145	3,177,529
Advance property tax collections	<u>2,328,871</u>	<u>2,541,014</u>
Total deferred inflows of resources	<u>4,616,016</u>	<u>5,718,543</u>
Fund balance:		
Nonspendable	13,500	9,307
Committed	3,000,000	1,500,000
Assigned	3,825,079	1,293,331
Unassigned	<u>15,245,581</u>	<u>11,247,314</u>
Total fund balance	<u>22,084,160</u>	<u>14,049,952</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 52,964,027</u>	<u>\$ 30,297,776</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2019

Grand List	Uncollected Taxes July 1, 2018	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2019
		Additions	Deductions			Taxes	Interest	Total	
2017	\$ 103,946,532	\$ 338,041	\$ 519,736	\$ 2,647	\$ 103,762,190	\$ 102,979,809	\$ 232,343	\$ 103,212,152	\$ 782,381
2016	1,045,227	123,855	40,853	1,372	1,126,857	716,025	161,916	877,941	410,832
2015	592,883	131,935	7,113	575	717,130	397,998	166,753	564,751	319,132
2014	423,947	13,928	1,276	106,710	329,889	211,907	122,411	334,318	117,982
2013	364,058			126,558	237,500	146,945	114,282	261,227	90,555
2012	168,565				168,565	85,719	84,311	170,030	82,846
2011	90,843				90,843	26,094	24,255	50,349	64,749
2010	70,938				70,938	17,383	22,639	40,022	53,555
2009	86,287				86,287	42,824	67,040	109,864	43,463
2008	77,134				77,134	41,597	68,143	109,740	35,537
2007	37,097				37,097	6,917	11,488	18,405	30,180
2006	22,100				22,100		87	87	22,100
2005	17,213				17,213			-	17,213
2004	16,392				16,392			-	16,392
2003	16,022				16,022			-	16,022
2002	15,731		15,731					-	-
	<u>\$ 106,990,969</u>	<u>\$ 607,759</u>	<u>\$ 584,709</u>	<u>\$ 237,862</u>	<u>\$ 106,776,157</u>	<u>\$ 104,673,218</u>	<u>\$ 1,075,668</u>	105,748,886	<u>\$ 2,102,939</u>

Property taxes receivable considered available:

June 30, 2018

(361,045)

June 30, 2019

175,426

Total Property Tax Revenue

\$ 105,563,267



Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Scholarship Fund – To account for monies in a reserve for student scholarships.

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

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

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

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

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

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds						
	Town Aid Road	Animal Control	Town Hall Grants	Public Works Funds	Police Funds	Fees in Lieu of Open Space	Library
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$ 1,359	\$	\$ 72,179
Investments							127,811
Receivables:							
Accounts receivable					8,870		
Grants and contracts receivable					55,335	42,536	
Due from other funds	409,345	66,823	124,673	96,822			
Other assets							
Total Assets	<u>\$ 409,345</u>	<u>\$ 66,823</u>	<u>\$ 124,673</u>	<u>\$ 96,822</u>	<u>\$ 65,564</u>	<u>\$ 42,536</u>	<u>\$ 199,990</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$ 10,792	\$ 1,594	\$	\$ 3,096	\$	\$
Due to other funds							
Unearned revenue							
Total liabilities	<u>-</u>	<u>10,792</u>	<u>1,594</u>	<u>-</u>	<u>3,096</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Nonspendable							
Restricted	409,345		123,079	96,822	62,468		
Committed		56,031				42,536	199,990
Unassigned							
Total fund balances	<u>409,345</u>	<u>56,031</u>	<u>123,079</u>	<u>96,822</u>	<u>62,468</u>	<u>42,536</u>	<u>199,990</u>
Total Liabilities and Fund Balances	<u>\$ 409,345</u>	<u>\$ 66,823</u>	<u>\$ 124,673</u>	<u>\$ 96,822</u>	<u>\$ 65,564</u>	<u>\$ 42,536</u>	<u>\$ 199,990</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019

	Special Revenue Funds						
	Recreation	BOE	Education Grants	Cafeteria	BOE Accommodations	Scholarship Fund	High School Athletic Association
ASSETS							
Cash and cash equivalents	\$ 89,954	\$ 51,934	\$ 149,475	\$ 305,760	\$ 10,571	\$ 278,660	\$
Investments							
Receivables:							
Accounts receivable		6,326			5,716		
Grants and contracts receivable			22,343	75,744			
Due from other funds	1,420,385		321,841				
Other assets				20,485			
Total Assets	\$ 1,510,339	\$ 58,260	\$ 493,659	\$ 401,989	\$ 16,287	\$ 278,660	\$ -
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 137,811	\$ 765	\$ 9,386	\$ 78,309	\$ 8,364	\$ 11,999	\$ 6,056
Due to other funds		9,917					6,667
Unearned revenue	488,629		7,081	60,930			
Total liabilities	626,440	10,682	16,467	139,239	8,364	11,999	12,723
Fund Balances:							
Nonspendable				20,485			
Restricted			477,192				
Committed	883,899	47,578		242,265	7,923	266,661	
Unassigned							(12,723)
Total fund balances	883,899	47,578	477,192	262,750	7,923	266,661	(12,723)
Total Liabilities and Fund Balances	\$ 1,510,339	\$ 58,260	\$ 493,659	\$ 401,989	\$ 16,287	\$ 278,660	\$ -

(Continued on next page)

TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019

	Special Revenue Funds					
	Human Services Fund	Community Use of Buildings	Fire Marshall Fund	Regional Animal Shelter	IT Reserve Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	\$	\$	\$	\$ 200	\$	\$ 960,092
Investments						127,811
Receivables:						
Accounts receivable		12,827				24,869
Grants and contracts receivable	3,037					109,994
Due from other funds	385,340	221,590	83	21,538	260,187	3,426,498
Other assets						20,485
Total Assets	<u>\$ 388,377</u>	<u>\$ 234,417</u>	<u>\$ 83</u>	<u>\$ 21,738</u>	<u>\$ 260,187</u>	<u>\$ 4,669,749</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,024	\$ 442	\$	\$ 193	\$	\$ 270,831
Due to other funds						16,584
Unearned revenue						556,640
Total liabilities	<u>2,024</u>	<u>442</u>	<u>-</u>	<u>193</u>	<u>-</u>	<u>844,055</u>
Fund Balances:						
Nonspendable						20,485
Restricted	386,353		83			1,555,342
Committed		233,975		21,545	260,187	2,262,590
Unassigned						(12,723)
Total fund balances	<u>386,353</u>	<u>233,975</u>	<u>83</u>	<u>21,545</u>	<u>260,187</u>	<u>3,825,694</u>
Total Liabilities and Fund Balances	<u>\$ 388,377</u>	<u>\$ 234,417</u>	<u>\$ 83</u>	<u>\$ 21,738</u>	<u>\$ 260,187</u>	<u>\$ 4,669,749</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, 2019**

	Special Revenue Funds						
	Town Aid Road	Animal Control	Town Hall Grants	Public Works Funds	Police	Fees in Lieu of Open Space	
Revenues:							
Intergovernmental	\$ 380,839	\$	\$	\$ 20,000	\$ 72,467	\$	\$ 13,650
Charges for services and assessments		20,318	32,822		86,951	33,391	15,213
Investment earnings					16		11,346
Miscellaneous				36,573	250		24,134
Total revenues	<u>380,839</u>	<u>20,318</u>	<u>32,822</u>	<u>56,573</u>	<u>159,684</u>	<u>33,391</u>	<u>64,343</u>
Expenditures:							
Current:							
General government			10,119			3,976	
Public safety		23,469			194,394		
Public works	464,795		23,017	37,469			
Human services							
Culture and recreation							65,743
Education							
Total expenditures	<u>464,795</u>	<u>23,469</u>	<u>33,136</u>	<u>37,469</u>	<u>194,394</u>	<u>3,976</u>	<u>65,743</u>
Excess (Deficiency) of Revenues over Expenditures	(83,956)	(3,151)	(314)	19,104	(34,710)	29,415	(1,400)
Other Financing Uses:							
Transfer out							(13,958)
Net Change in Fund Balance	(83,956)	(3,151)	(314)	19,104	(34,710)	29,415	(15,358)
Fund Balances at Beginning of Year	<u>493,301</u>	<u>59,182</u>	<u>123,393</u>	<u>77,718</u>	<u>97,178</u>	<u>13,121</u>	<u>215,348</u>
Fund Balances at End of Year	<u>\$ 409,345</u>	<u>\$ 56,031</u>	<u>\$ 123,079</u>	<u>\$ 96,822</u>	<u>\$ 62,468</u>	<u>\$ 42,536</u>	<u>\$ 199,990</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds						High School Athletics Association
	Recreation	BOE	Education Grants	Cafeteria	BOE Accommodations	Scholarship Fund	
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$
Charges for services and assessments	2,604,499	96,720	3,091,970	509,290	595,247	278,043	42,275
Investment earnings		9		1,083,824		618	35
Miscellaneous		1,040		311			
Total revenues	<u>2,604,499</u>	<u>97,769</u>	<u>3,091,970</u>	<u>1,593,425</u>	<u>595,247</u>	<u>278,661</u>	<u>42,310</u>
Expenditures:							
Current:							
General government							
Public safety							
Public works							
Human services							
Culture and recreation	2,296,900						
Education		98,689	3,023,895	1,481,275	850,626	12,000	45,873
Total expenditures	<u>2,296,900</u>	<u>98,689</u>	<u>3,023,895</u>	<u>1,481,275</u>	<u>850,626</u>	<u>12,000</u>	<u>45,873</u>
Excess (Deficiency) of Revenues over Expenditures	307,599	(920)	68,075	112,150	(255,379)	266,661	(3,563)
Other Financing Uses:							
Transfer out	<u>(25,798)</u>						
Net Change in Fund Balance	281,801	(920)	68,075	112,150	(255,379)	266,661	(3,563)
Fund Balances at Beginning of Year	<u>602,098</u>	<u>48,498</u>	<u>409,117</u>	<u>150,600</u>	<u>263,302</u>		<u>(9,160)</u>
Fund Balances at End of Year	<u>\$ 883,899</u>	<u>\$ 47,578</u>	<u>\$ 477,192</u>	<u>\$ 262,750</u>	<u>\$ 7,923</u>	<u>\$ 266,661</u>	<u>\$ (12,723)</u>

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TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Human Services Fund	Community Use of Buildings	Fire Marshall Fund	Regional Animal Shelter	IT Reserve Fund	
Revenues:						
Intergovernmental	\$ 20,257	\$	\$	\$	\$	\$ 4,108,473
Charges for services and assessments	393,849	95,997				5,379,149
Investment earnings						12,335
Miscellaneous	164,415			59,112	133,956	419,480
Total revenues	<u>578,521</u>	<u>95,997</u>	<u>-</u>	<u>59,112</u>	<u>133,956</u>	<u>9,919,437</u>
Expenditures:						
Current:						
General government					92,397	106,492
Public safety				79,846		297,709
Public works						525,281
Human services	484,305					484,305
Culture and recreation						2,362,643
Education		56,461				5,568,819
Total expenditures	<u>484,305</u>	<u>56,461</u>	<u>-</u>	<u>79,846</u>	<u>92,397</u>	<u>9,345,249</u>
Excess (Deficiency) of Revenues over Expenditures	94,216	39,536	-	(20,734)	41,559	574,188
Other Financing Uses:						
Transfer out						(39,756)
Net Change in Fund Balance	94,216	39,536		(20,734)	41,559	534,432
Fund Balances at Beginning of Year	<u>292,137</u>	<u>194,439</u>	<u>83</u>	<u>42,279</u>	<u>218,628</u>	<u>3,291,262</u>
Fund Balances at End of Year	<u>\$ 386,353</u>	<u>\$ 233,975</u>	<u>\$ 83</u>	<u>\$ 21,545</u>	<u>\$ 260,187</u>	<u>\$ 3,825,694</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL - BUDGETARY BASIS - RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Charges for services:				
Day camp	\$ 786,615	\$ 786,615	\$ 749,519	\$ (37,096)
Veterans' memorial park	386,966	386,966	397,701	10,735
4th R Revenue	1,045,065	1,045,065	982,729	(62,336)
Outdoor	130,698	130,698	28,384	(102,314)
Indoor	219,190	219,190	208,540	(10,650)
Social/cultural	294,612	294,612	215,060	(79,552)
Recreation facilities	66,635	66,635	22,566	(44,069)
Miscellaneous			36,826	36,826
Total revenues	<u>2,929,781</u>	<u>2,929,781</u>	<u>2,641,325</u>	<u>(288,456)</u>
Expenditures:				
Current:				
Day camp	769,208	769,208	734,308	34,900
4th R Personal Services	1,006,181	1,009,900	713,325	296,575
Veterans' memorial park	428,870	428,870	335,171	93,699
Outdoor	113,541	113,541	96,482	17,059
Indoor	231,729	231,729	191,853	39,876
Social/cultural	315,701	315,701	204,173	111,528
Recreation facilities	34,391	34,391	17,337	17,054
Contingency	30,000	30,000	45,000	(15,000)
Total expenditures	<u>2,929,621</u>	<u>2,933,340</u>	<u>2,337,649</u>	<u>595,691</u>
Excess (Deficiency) of Revenues over Expenditures	160	(3,559)	303,676	307,235
Other Financing Sources (Uses):				
Transfers out			(25,798)	(25,798)
Utilization of fund balance	<u>29,910</u>	<u>29,910</u>		<u>(29,910)</u>
Net Change in Fund Balance	<u>\$ 30,070</u>	<u>\$ 26,351</u>	277,878	<u>\$ 251,527</u>
Fund Balance at Beginning of Year			<u>631,099</u>	
Fund Balance at End of Year			<u>\$ 908,977</u>	
<u>Reconciliation to GAAP Basis</u>				
	<u>Revenues</u>	<u>Expenditures</u>		
Balance, Budgetary Basis - End of Year	\$ 2,641,325	\$ 2,337,649		
Accrued payroll not budgeted		(3,719)		
Encumbrances outstanding at beginning of year liquidated and cancelled during the current year	(36,826)	252		
Encumbrances charged to budgetary expenditures during the current year		(37,282)		
Balance, GAAP Basis - End of Year	<u>\$ 2,604,499</u>	<u>\$ 2,296,900</u>		



Fiduciary Funds

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

Trust Funds:

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

Agency Funds:

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

**TOWN OF SOUTH WINDSOR, CONNECTICUT
 COMBINING STATEMENT OF NET POSITION
 PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
 JUNE 30, 2019**

	<u>Pension Trust Fund</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 821,290	\$ 20,987	\$ 842,277
Investments:			
Mutual funds	<u>44,020,002</u>	<u>2,695,248</u>	<u>46,715,250</u>
Total assets	<u>44,841,292</u>	<u>2,716,235</u>	<u>47,557,527</u>
Net Position:			
Restricted for Pension Benefits and Other Purposes	<u>\$ 44,841,292</u>	<u>\$ 2,716,235</u>	<u>\$ 47,557,527</u>

**TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Pension Trust Fund	Other Post Employment Benefit Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 3,386,528	\$ 755,791	\$ 4,142,319
Employee	522,341		522,341
Total contributions	<u>3,908,869</u>	<u>755,791</u>	<u>4,664,660</u>
Investment income:			
Net change in fair value investments	<u>1,407,074</u>	<u>79,090</u>	<u>1,486,164</u>
Total additions	<u>5,315,943</u>	<u>834,881</u>	<u>6,150,824</u>
Deductions:			
Benefits	3,396,605	499,040	3,895,645
Administration	<u>96,593</u>	<u>1,717</u>	<u>98,310</u>
Total deductions	<u>3,493,198</u>	<u>500,757</u>	<u>3,993,955</u>
Changes in Net Position	1,822,745	334,124	2,156,869
Net Position at Beginning of Year	<u>43,018,547</u>	<u>2,382,111</u>	<u>45,400,658</u>
Net Position at End of Year	<u>\$ 44,841,292</u>	<u>\$ 2,716,235</u>	<u>\$ 47,557,527</u>

TOWN OF SOUTH WINDSOR, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
School Activities Fund				
Assets:				
Cash and cash equivalents	\$ 490,021	\$ 1,015,171	\$ 1,011,357	\$ 493,835
Accounts receivable	<u>1,134</u>	<u>1,134</u>	<u>1,134</u>	<u>1,134</u>
Total assets	<u>\$ 490,021</u>	<u>\$ 1,016,305</u>	<u>\$ 1,011,357</u>	<u>\$ 494,969</u>
Liabilities:				
Accounts payable	\$ 38,210	\$	\$ 21,987	\$ 16,223
Due to others	<u>451,811</u>	<u>1,016,305</u>	<u>989,370</u>	<u>478,746</u>
Total liabilities	<u>\$ 490,021</u>	<u>\$ 1,016,305</u>	<u>\$ 1,011,357</u>	<u>\$ 494,969</u>
Performance Bond Fund				
Assets:				
Cash and cash equivalents	<u>\$ 622,312</u>	<u>\$ 416,506</u>	<u>\$ 118,328</u>	<u>\$ 920,490</u>
Liabilities:				
Due to others	<u>\$ 622,312</u>	<u>\$ 416,506</u>	<u>\$ 118,328</u>	<u>\$ 920,490</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 1,112,333	\$ 1,431,677	\$ 1,129,685	\$ 1,414,325
Accounts receivable	<u>1,134</u>	<u>1,134</u>	<u>1,134</u>	<u>1,134</u>
Total assets	<u>\$ 1,112,333</u>	<u>\$ 1,432,811</u>	<u>\$ 1,129,685</u>	<u>\$ 1,415,459</u>
Liabilities:				
Accounts payable	\$ 38,210	\$	\$ 21,987	\$ 16,223
Due to other groups	<u>1,074,123</u>	<u>1,432,811</u>	<u>1,107,698</u>	<u>1,399,236</u>
Total liabilities	<u>\$ 1,112,333</u>	<u>\$ 1,432,811</u>	<u>\$ 1,129,685</u>	<u>\$ 1,415,459</u>



Statistical Section

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

Contents	Page
Financial Trends	92-95
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	96-98
These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes	
Debt Capacity	99-102
These schedules present information to help the reader assess the affordability of the Town's current level of outstanding debt and the Town's ability to issue additional debt in the future.	
Demographic and Economic Information	103-104
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	105-107
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

TABLE 1

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

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Net investment in capital assets	\$ 127,661,949	\$ 133,875,251	\$ 118,642,281	\$ 117,808,001	\$ 603,648,675	\$ 122,049,902	\$ 121,725,879	\$ 133,891,837	\$ 149,770,014	\$ 148,370,264
Restricted										
Unrestricted	<u>4,484,969</u>	<u>3,127,155</u>	<u>17,107,966</u>	<u>15,450,828</u>	<u>71,828,521</u>	<u>3,142,130</u>	* <u>3,572,905</u>	* <u>6,257,477</u>	<u>(6,915,481)</u>	<u>9,800,292</u>
Total Governmental Activities Net Position	<u>\$ 132,146,918</u>	<u>\$ 137,002,406</u>	<u>\$ 135,750,247</u>	<u>\$ 133,258,829</u>	<u>\$ 675,477,196</u>	<u>\$ 125,192,032</u>	<u>\$ 125,298,784</u>	<u>\$ 140,149,314</u>	<u>\$ 142,854,533</u>	<u>\$ 158,170,556</u>

* Restated for GASB 68

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

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
General government	\$ 5,130,630	\$ 4,860,046	\$ 5,121,861	\$ 4,834,624	\$ 4,744,705	\$ 4,680,398	\$ 9,644,225	\$ 7,534,628	\$ 5,454,460	\$ 5,578,183
Public safety	11,024,674	9,483,051	9,125,906	9,701,599	10,466,567	10,116,105	12,259,882	11,059,584	8,991,281	11,236,537
Public works	13,513,891	13,030,693	22,845,865	20,810,758	17,311,069	18,662,827	15,648,511	15,615,857	16,594,152	17,646,682
Human services	1,267,152	1,683,719	1,793,418	1,448,173	1,496,189	1,469,110	1,516,678	1,805,965	1,842,312	1,930,710
Culture and recreation	4,790,717	6,253,473	6,551,287	5,127,771	5,170,258	5,799,240	7,649,148	5,922,105	6,558,564	6,385,948
Education	71,090,473	72,800,171	77,421,480	79,644,193	82,765,300	85,125,614	83,800,549	96,033,281	93,978,140	84,508,649
Debit service interest	1,430,633	1,091,251	1,556,829	148,247	1,608,802	1,508,063	1,619,954	1,786,532	2,020,850	2,460,980
Total Governmental Activities Expenses	<u>108,248,170</u>	<u>109,202,404</u>	<u>124,416,646</u>	<u>121,715,365</u>	<u>123,562,890</u>	<u>127,361,357</u>	<u>132,138,947</u>	<u>139,757,952</u>	<u>135,439,759</u>	<u>129,747,689</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,109,617	961,454	1,448,690	1,521,538	1,221,156	1,348,396	2,182,425	1,623,465	2,358,541	2,304,560
Public safety	59,505	70,640	122,635	116,885	94,031	146,221	187,007	151,502	315,661	211,142
Public works	3,817,089	3,278,559	3,780,034	4,379,717	4,285,579	4,438,121	4,501,771	5,606,794	5,170,610	5,393,886
Human services	42,241	50,052	71,340	86,393	87,797	100,976	208,544	354,339	313,672	481,457
Culture and recreation	1,409,056	1,422,871	1,583,926	1,766,873	1,635,322	2,925,417	2,519,572	2,570,164	2,311,662	2,639,450
Education	3,016,137	2,864,058	2,599,423	2,622,886	2,406,020	2,374,627	2,256,463	2,272,817	2,506,772	1,811,356
Operating grants and contributions:										
General government	148,302	229,750	171,502	259,305	222,531	481,542	287,925	207,271	213,749	247,800
Public safety	105,336	95,575	167,775	115,056	82,222	60,481	198,884	51,178	77,866	127,748
Public works	195,257	195,936	563,510	496,348	404,160	395,417	388,764	446,383	414,628	428,182
Human services	104,359	64,498	83,411	81,856	108,808	102,950	106,027	117,242	109,254	109,308
Culture and recreation	35,610	64,431	40,421	41,304	36,038	43,098	49,800	47,555	40,411	37,784
Education	20,251,236	21,068,318	22,978,222	22,502,841	24,771,275	23,165,519	24,209,031	29,522,318	29,042,520	20,644,657
Interest on long-term debt	98,684	45,558								
Capital grants and contributions:										
General government					170,906	75,344	71,433	1,946,226	73,676	19,038
Public safety	4,625,819	3,840,842	1,162,761	149,528						
Public works	155,919	18,574	173,981	7,525	759,237	310,314	1,398,722	11,130,720	3,653,882	2,689,236
Human services		454,151	7,673,048	1,786,113						
Culture and recreation		247,401								
Education		18,942							380,897	590,440
Total Governmental Activities Revenues	<u>35,174,167</u>	<u>34,991,610</u>	<u>42,620,679</u>	<u>35,934,168</u>	<u>36,285,082</u>	<u>35,968,423</u>	<u>38,566,368</u>	<u>56,047,974</u>	<u>46,983,801</u>	<u>37,736,044</u>
Total Governmental Activities Net Expense	<u>(73,074,003)</u>	<u>(74,210,794)</u>	<u>(81,795,967)</u>	<u>(85,781,197)</u>	<u>(87,277,808)</u>	<u>(91,392,934)</u>	<u>(93,572,579)</u>	<u>(83,709,978)</u>	<u>(88,455,958)</u>	<u>(92,011,645)</u>
General Revenues and Other:										
Changes in Net Position:										
Governmental activities:										
Property taxes	76,241,912	77,579,585	79,389,621	81,643,855	87,371,201	90,037,532	91,922,703	96,106,885	98,298,151	104,691,701
Grants and contributions not restricted to specific programs	1,501,594	1,342,114	1,032,892	1,515,179	1,929,166	1,532,895	1,603,494	2,146,206	1,588,901	1,588,087
Unrestricted investment earnings	133,579	135,226	117,606	130,745	156,863	183,329	121,033	251,754	472,021	1,047,880
Other general revenues, net	250,300	9,357	3,689			26,834	32,101	55,663		
Total Primary Government	<u>78,127,385</u>	<u>79,066,282</u>	<u>80,543,808</u>	<u>83,289,779</u>	<u>89,457,230</u>	<u>91,780,590</u>	<u>93,679,331</u>	<u>98,560,508</u>	<u>100,359,073</u>	<u>107,327,668</u>
Change in Net Position:										
Total Governmental Activities	\$ <u>5,053,382</u>	\$ <u>4,855,488</u>	\$ <u>(1,252,159)</u>	\$ <u>(2,491,418)</u>	\$ <u>2,179,422</u>	\$ <u>387,656</u>	\$ <u>106,752</u>	\$ <u>14,850,530</u>	\$ <u>11,903,115</u>	\$ <u>15,316,023</u>

TABLE 3

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

	FISCAL YEAR										
	2010	2011	*	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:											
Nonspendable	\$	\$ 4,836	\$	135,863	\$ 17,508	\$ 18,722	\$ 970	\$	2,442	\$ 9,307	\$ 13,500
Restricted											
Committed										1,500,000	3,000,000
Assigned		2,940,494		1,413,432	1,616,470	1,772,742	1,527,753	2,096,625	1,621,867	1,293,331	3,825,079
Unassigned		3,431,794		3,504,042	5,042,748	5,238,041	5,329,639	8,035,255	9,467,497	11,247,314	15,245,581
Reserved	416,571										
Unreserved	5,274,518										
Total General Fund	\$ 5,691,089	\$ 6,377,124	\$	5,053,337	\$ 6,676,726	\$ 7,029,505	\$ 6,858,362	\$ 10,131,880	\$ 11,091,806	\$ 14,049,952	\$ 22,084,160
All other governmental funds:											
Nonspendable	\$	\$ 39,341	\$	29,687	\$ 33,293	\$ 42,355	\$ 56,678	\$ 39,488	\$ 28,426	\$ 31,054	\$ 20,485
Restricted		9,762,789		746,991	760,375	836,513	857,917	839,148	1,205,414	1,483,623	1,555,342
Committed		1,216,583		5,153,671	3,082,618	3,928,403	6,143,366	2,468,694	3,246,582	2,733,535	3,768,240
Assigned											
Unassigned		(24,679,573)		(24,089,935)	(48,018)	(282,640)	(28,482)	(3,742,300)	(4,386,400)	(9,160)	(4,261,831)
Reserved	1,785,790										
Unreserved reported in:											
Special revenue	2,104,207										
General fund											
Capital projects funds											
Debt service funds											
Unassigned	(9,706,171)										
Total All Other Governmental Funds	\$ (5,816,174)	\$ (13,660,860)	\$	(18,159,586)	\$ 3,828,268	\$ 4,524,631	\$ 7,029,479	\$ (394,970)	\$ 94,022	\$ 4,239,052	\$ 1,082,236

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

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

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Property taxes	\$ 75,463,071	\$ 77,616,815	\$ 79,552,717	\$ 81,674,471	\$ 86,482,924	\$ 89,316,302	\$ 92,999,372	\$ 95,483,270	\$ 99,981,359	\$ 105,582,085
Intergovernmental	28,146,624	28,113,379	33,780,263	26,568,233	28,191,586	25,919,136	27,782,151	45,201,620	35,062,337	25,521,402
Charges for goods and services	9,468,847	8,692,434	9,748,323	10,489,952	9,632,436	11,415,230	11,920,765	12,631,202	13,223,259	13,338,337
Investment earnings	126,534	128,533	108,011	125,044	150,955	61,316	111,262	242,072	459,306	1,032,556
Miscellaneous	378,570	150,105	399,235	310,672	288,393	360,338	463,547	389,669	349,326	422,353
Total revenues	<u>113,583,646</u>	<u>114,701,266</u>	<u>123,588,549</u>	<u>119,168,372</u>	<u>124,746,294</u>	<u>127,072,322</u>	<u>133,277,097</u>	<u>153,947,833</u>	<u>149,075,587</u>	<u>145,896,733</u>
Expenditures:										
Current:										
General government	3,122,178	3,139,276	3,049,108	3,161,756	3,438,550	3,444,744	3,560,662	3,788,541	3,798,686	4,026,834
Public safety	7,083,887	7,148,435	7,422,390	7,480,490	7,989,555	8,334,840	8,320,505	8,764,069	9,217,176	9,136,196
Public works	10,295,764	9,629,119	9,749,410	10,946,524	10,675,686	10,975,854	11,143,679	11,983,196	11,747,331	12,651,109
Human services	1,025,250	1,005,973	1,098,224	1,078,348	1,090,749	1,088,900	1,121,246	1,423,516	1,415,836	1,588,450
Culture and recreation	2,684,034	3,809,077	4,231,557	4,193,506	4,445,705	4,710,096	4,946,672	4,964,347	5,330,618	5,474,184
Insurance and sundry	5,322,359	5,601,532	5,856,476	6,090,641	6,630,836	6,467,843	6,556,833	6,340,930	6,708,737	7,459,924
Education	71,461,011	73,212,843	77,665,214	77,187,320	82,367,010	81,650,067	83,381,512	91,479,612	91,736,872	82,483,400
Capital outlay	27,765,090	5,114,605	5,043,160	4,418,905	5,598,435	6,255,201	18,260,516	28,899,903	14,141,482	16,101,606
Debit service:										
Principal	3,335,000	3,455,000	2,955,000	3,080,000	3,697,484	4,200,646	4,199,274	4,538,380	5,062,972	4,968,061
Interest	1,603,502	19,456,574	14,909,364	5,199,178	4,082,781	2,978,753	2,675,623	2,827,201	3,408,213	3,410,034
Total expenditures	<u>133,698,075</u>	<u>131,572,434</u>	<u>131,979,903</u>	<u>122,836,668</u>	<u>130,016,791</u>	<u>130,106,944</u>	<u>144,166,522</u>	<u>165,009,695</u>	<u>152,567,923</u>	<u>147,299,798</u>
Deficiency of Revenues over Expenditures	<u>(20,114,429)</u>	<u>(16,871,168)</u>	<u>(8,391,354)</u>	<u>(3,668,296)</u>	<u>(5,270,497)</u>	<u>(3,034,622)</u>	<u>(10,889,425)</u>	<u>(11,061,862)</u>	<u>(3,492,336)</u>	<u>(1,403,065)</u>
Other Financing Sources:										
Proceeds from bond refunding		9,650,000	15,185,000	27,516,583	6,615,000	5,160,000			4,125,000	9,155,000
Premium on bonds		76,917	1,112,007		731,924	78,540	207,067	739,043	524,383	1,718,700
Payments to escrow agents			(15,912,713)		(7,163,837)				(5,567,886)	(10,623,910)
Proceeds from bonds issued	1,200,000		2,000,000		6,320,000		4,300,000	11,860,000	11,500,000	5,250,000
Proceeds from leases	32,165	102,103	684,547	363,951	480,552	826,352	2,946,407	477,850	881,013	514,134
Transfers in	2,652,999	1,207,649	736,818	1,305,972	1,183,689	2,000,812	1,761,537	2,080,018	3,656,753	3,308,978
Transfers out	(2,652,999)	(1,324,152)	(1,236,818)	(1,906,972)	(1,847,689)	(2,697,372)	(2,476,517)	(2,646,131)	(4,257,218)	(3,308,978)
Total other financing sources	<u>1,232,165</u>	<u>9,712,517</u>	<u>2,568,841</u>	<u>27,279,534</u>	<u>6,319,639</u>	<u>5,368,332</u>	<u>6,738,494</u>	<u>12,510,780</u>	<u>10,862,045</u>	<u>6,013,924</u>
Net Change in Fund Balances	(18,882,264)	(7,158,651)	(5,822,513)	23,611,238	1,049,142	2,333,710	(4,150,931)	1,448,918	7,369,709	4,610,859
Fund Balance at Beginning of Year	<u>18,757,179</u>	<u>(125,085)</u>	<u>(7,283,736)</u>	<u>(13,106,249)</u>	<u>10,504,989</u>	<u>11,554,131</u>	<u>13,887,841</u>	<u>9,736,910</u>	<u>11,185,828</u>	<u>18,555,537</u>
Fund Balance at End of Year	<u>\$ (125,085)</u>	<u>\$ (7,283,736)</u>	<u>\$ (13,106,249)</u>	<u>\$ 10,504,989</u>	<u>\$ 11,554,131</u>	<u>\$ 13,887,841</u>	<u>\$ 9,736,910</u>	<u>\$ 11,185,828</u>	<u>\$ 18,555,537</u>	<u>\$ 23,166,396</u>
Debt Service as a Percentage to Noncapital Expenditures	4.58%	21.02%	14.52%	6.85%	6.30%	5.75%	5.40%	5.43%	6.21%	6.34%

TABLE 5

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

Fiscal Year	Residential Property	Commercial Property ⁽¹⁾	Personal Property	Motor Vehicle	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ⁽⁴⁾
2019	1,940,934,413	517,122,647	381,763,430	230,786,948	321,762,146	2,748,845,292	37.67	3,926,921,846
2018	2,120,523,759	234,463,220	340,605,990	225,387,225	318,272,044	2,602,708,150	38.08/37.00 ⁽³⁾	3,718,154,500
2017	1,691,195,450	227,246,090	272,704,520	217,673,720	104,350,010	2,304,469,770	37.34/37.00 ⁽³⁾	3,292,099,671
2016	1,669,743,361	469,200,191	261,120,500	217,444,060	112,726,620	2,262,827,391	36.54	3,232,610,559
2015	1,681,317,099	465,985,750	287,829,500	216,945,460	119,194,329	2,536,097,921	35.51	3,622,997,030
2014 ⁽²⁾	1,676,514,846	439,529,851	258,829,020	207,156,730	111,344,758	2,497,141,588	34.90	3,567,345,126
2013	1,919,649,089	437,237,200	246,646,610	208,122,550	121,055,339	2,692,892,761	29.43	3,846,989,659
2012	2,428,826,870	517,933,641	231,536,430	194,075,430	113,816,134	3,177,859,796	28.78	4,539,799,709
2011	2,416,075,791	-	237,208,005	183,710,954	106,557,257	2,730,437,493	28.34	3,900,624,990
2010	2,411,972,160	-	218,994,377	185,138,646	95,127,929	2,720,977,254	27.84	3,887,110,363

Source: Town of South Windsor-Assessor

Note: The Town has no overlapping governments

⁽¹⁾ Note: 2011-2010 not separately available for commercial property

⁽²⁾ Note: Revaluation year

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

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

TABLE 6

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

TAXPAYER	NATURE OF BUSINESS	2019		PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	2010		PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
		TAXABLE ASSESSED VALUE	RANK		TAXABLE ASSESSED VALUE	RANK	
Eversource (formally CL&P)	Utility	\$ 101,768,450	1	3.70%	\$ 19,730,180	3	0.74%
Evergreen Walk Lifestyle Center	Retail	31,928,600	2	1.16%	37,844,660	1	1.41%
Aldi Inc.	Distribution	25,328,745	3	0.92%	-	-	-
DST Output East, LLC	Services	20,410,470	4	0.74%	11,587,700	9	0.43%
Dell Equipment Funding	Services	18,673,570	5	0.68%	-	-	-
South Windsor Developers, LLC	Services	17,217,230	6	0.63%	-	-	-
Macy's Retail Holdings, LLC	Real Estate	17,038,540	7	0.62%	20,226,362	2	0.75%
WIM Core Portfolio	Utility	12,798,400	8	0.47%	-	-	-
432 Buckland Court	Retail	12,761,060	9	0.46%	-	-	-
Town Center of South Windsor	Retail	12,505,300	10	0.45%	16,737,210	4	0.62%
Target Corp.	Retail	-	-	-	15,513,420	5	0.58%
Lowes Home Center	Retail	-	-	-	14,800,040	6	0.55%
Evergreen Walk, LLC	Real Estate	-	-	-	14,545,880	7	0.54%
Gerber Companies	Manufacturing	-	-	-	12,553,480	8	0.47%
Ventas Realty L.P.	Real Estate	-	-	-	11,229,610	10	0.42%
	Total	\$ <u>270,430,365</u>		<u>9.84%</u>	\$ <u>174,768,542</u>		<u>6.52%</u>

Source: Town of South Windsor- Assessor
2019 - October 1, 2017 Assessment
2010 - October 1, 2008 Assessment

TABLE 7

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

Fiscal Year Ending 6/30	Taxable Grand List	Tax Rate (In Mills)		Adjusted Levy	Collected Within the		Collections in Subsequent Years	Total Collections to Date	
					Fiscal Year of the Levy			Amount	Percent of Adjusted Levy
					Amount	Percent of Adjusted Levy			
2019	\$ 2,748,845,292	\$ 37.67	(1)	\$ 103,762,190	\$ 102,979,809	99.25%	\$ -	\$ 102,979,809	99.25%
2018	2,602,708,150	38.08/37.00	(1)	99,320,301	98,275,075	98.95%	716,025	98,991,100	99.67%
2017	2,520,505,015	37.34/37.00	(1)	95,502,476	94,247,010	98.69%	1,060,581	95,307,591	99.80%
2016	2,501,567,051	36.54		91,894,135	90,891,340	98.91%	701,259	91,592,599	99.67%
2015	2,506,427,581	35.51		89,399,738	87,965,832	98.40%	1,184,130	89,149,962	99.72%
2014	2,468,393,038	34.90		86,279,650	85,042,713	98.57%	1,152,683	86,195,396	99.90%
2013	2,771,296,551	29.43		81,652,659	80,566,157	98.67%	1,019,914	81,586,071	99.92%
2012	2,740,622,596	28.78		78,796,861	77,752,911	98.68%	995,651	78,748,562	99.94%
2011	2,731,391,588	28.34		77,518,490	76,539,598	98.74%	935,428	77,475,026	99.94%
2010	2,721,963,795	27.84		75,361,514	74,256,653	98.53%	1,069,324	75,325,977	99.95%

Source: Town of South Windsor-Tax Collector

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

TABLE 8

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

Fiscal Year	General Obligation Bonds	⁽¹⁾	Clean Water Fund Bonds	⁽²⁾	Capital Leases	Total Primary Government	Ratio of Debt to Estimated Taxable Value of Property	⁽³⁾	Debt Per Capita	⁽⁴⁾	Total Debt Outstanding as a Percentage of personal Income	⁽⁵⁾
2019	\$ 49,729,000	\$	21,842,146	\$	3,505,381	\$ 75,076,527	1.91%	\$	2,909		0.05%	
2018	49,324,000		23,353,127		3,825,260	76,502,387	2.06%		2,965		0.05%	
2017	43,160,000		24,765,093		3,734,926	71,660,019	2.18%		2,777		0.05%	
2016	34,620,000		26,210,009		4,107,494	64,937,503	2.01%		2,518		0.06%	
2015	33,325,000		27,571,991		2,000,484	62,897,475	1.74%		2,439		0.06%	
2014	31,195,000		28,907,027		1,542,849	61,644,876	1.73%		2,389		0.06%	
2013	29,455,000		28,465,648		1,408,217	59,328,865	1.54%		2,296		0.06%	
2012	32,535,000		1,956,111		1,322,737	35,813,848	0.79%		1,387		0.11%	
2011	33,080,000		2,110,939		866,554	36,057,493	0.92%		1,399		0.11%	
2010	26,885,000		2,262,700		971,779	30,119,479	0.77%		1,172		0.13%	

Source: Town of South Windsor-Finance.

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

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

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

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

⁽⁴⁾ See Table 11 for population data.

⁽⁵⁾ See Table 11 for personal income data.

TABLE 9

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

Fiscal Year	Population	⁽¹⁾	Assessed Value of Property	Net General Bonded Debt	Ratio of Debt to Estimated Taxable Value of Property	Debt Per Capita	Total Debt Outstanding as a Percentage of personal Income
2019	25,806	\$	2,748,845,292	\$ 71,571,146	2.60%	\$ 2,773	0.00%
2018	25,806		2,602,708,150	72,677,127	2.79%	2,816	0.14%
2017	25,806		2,304,469,770	67,925,093	2.95%	2,632	0.15%
2016	25,793		2,262,827,391	60,830,009	2.69%	2,358	0.16%
2015	25,789		2,536,097,921	60,896,991	2.40%	2,361	0.16%
2014	25,803		2,497,141,588	60,102,027	2.41%	2,329	0.17%
2013	25,837		2,692,892,761	57,920,648	2.15%	2,242	0.17%
2012	25,812		3,177,859,796	34,491,111	1.09%	1,336	0.29%
2011	25,779		2,730,437,493	35,190,939	1.29%	1,365	0.28%
2010	25,709		2,720,977,254	29,147,700	1.07%	1,134	0.34%

Source: Town of South Windsor-Finance.

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

TABLE 10

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

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 526,910,767	\$ 543,682,512	\$ 555,337,279	\$ 572,155,955	\$ 603,648,675	\$ 624,631,371	\$ 650,125,903	\$ 668,710,378	\$ 668,710,378	\$ 698,350,135
Total net debt applicable to limit	<u>66,223,355</u>	<u>77,233,983</u>	<u>85,056,162</u>	<u>73,402,142</u>	<u>71,828,521</u>	<u>72,623,485</u>	<u>92,608,657</u>	<u>83,858,275</u>	<u>86,405,900</u>	<u>132,490,796</u>
Legal Debt Margin	<u>\$ 460,687,412</u>	<u>\$ 466,448,529</u>	<u>\$ 470,281,117</u>	<u>\$ 498,753,813</u>	<u>\$ 531,820,154</u>	<u>\$ 552,007,886</u>	<u>\$ 557,517,246</u>	<u>\$ 584,852,103</u>	<u>\$ 582,304,478</u>	<u>\$ 565,859,339</u>
Total net debt applicable to the limit as a percentage of debt limit	12.57%	14.21%	15.32%	12.83%	11.90%	11.63%	14.24%	12.54%	12.92%	18.97%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2019 debt limit can be found on Table 11 of this report.

**TOWN OF SOUTH WINDSOR, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2019**

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2018

\$ 99,764,305

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 224,469,686	\$	\$	\$	\$
4-1/2 times base		448,939,373			
3-3/4 times base			374,116,144		
3-1/4 times base				324,233,991	
3 times base					299,292,915
Total debt limitation	<u>224,469,686</u>	<u>448,939,373</u>	<u>374,116,144</u>	<u>324,233,991</u>	<u>299,292,915</u>
Indebtedness:					
Bonds payable	26,912,000	22,817,000	1,561,000		
Bond anticipation notes		16,000,000			
CWF notes payable			20,281,146		
Authorized, unissued bonds	1,602,583	54,122,907	11,723,412		
Total indebtedness	<u>28,514,583</u>	<u>92,939,907</u>	<u>33,565,558</u>	<u>-</u>	<u>-</u>
Less amounts to be provided by the state and other		(22,529,252)			
Net indebtedness	<u>28,514,583</u>	<u>70,410,655</u>	<u>33,565,558</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 195,955,103</u>	<u>\$ 378,528,718</u>	<u>\$ 340,550,586</u>	<u>\$ 324,233,991</u>	<u>\$ 299,292,915</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$698,350,135)

TABLE 12

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

Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	Educational Attainment		School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
					High School	Bachelors Degree		
2019	25,806	\$ 38,505	\$ 99,774	43.3	92.6	44.6	4,239	3.0%
2018	25,806	38,505	99,774	43.3	92.6	44.6	4,142	3.8%
2017	25,806	38,505	99,774	43.3	92.6	44.6	4,071	4.2%
2016	25,793	38,505	99,774	43.3	92.6	44.6	4,032	5.1%
2015	25,789	38,505	99,774	43.3	92.6	44.6	4,100	5.2%
2014	25,803	38,505	99,774	43.3	92.6	44.6	4,174	5.4%
2013	25,837	38,505	99,774	43.3	92.6	44.6	4,194	6.0%
2012	25,812	38,505	99,774	43.3	92.6	44.6	4,288	6.3%
2011	25,779	38,505	99,774	43.3	92.6	44.6	4,485	6.3%
2010	25,709	38,505	99,774	43.3	92.6	44.6	4,589	6.9%

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

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

(3) Town of South Windsor, Board of Education

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

TABLE 13

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

Employer	Nature of Business	2019			2010		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of South Windsor	Municipality	824	1	6.08%	811	1	6.18%
The May Company	Distributor	389	2	2.87%	400	3	3.05%
Ticket Network	Services	330	3	2.44%	-	-	-
Interim Health Care	Home Health Care	250	4	1.85%	-	-	-
Target Department Stores	Retailing	237	5	1.75%	150	6	1.14%
Super Stop & Shop	Retailing	134	6	0.99%	-	-	-
Electro Methods	Manufacturing	223	7	1.65%	210	5	1.60%
Performance Food Group	Distributor	183	8	1.35%	140	8	1.07%
Lowe's Home Improvement	Retailing	170	9	1.25%	150	7	1.14%
Capewell Aerial Systems, LLC	Manufacturing	134	10	0.99%	-	-	-
DST Output	Services	-	-	-	500	2	3.81%
Gerber Scientific	Manufacturing	-	-	-	259	4	1.97%
Haven Health Care	Healthcare	-	-	-	130	9	0.99%
Rex Lumber Co., Inc.	Wholesale	-	-	-	129	10	0.98%
Total		2,874		21.21%	2,879		21.93%

TABLE 14

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

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Function/Program										
General government:										
Town Manager's Office	6.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	7.0
Registrar of Voters	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0
Finance and taxation	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Town Clerk	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Information Technology	5.0	5.0	5.0	5.0	4.0	4.0	5.0	5.0	5.0	6.0
Public Safety	58.0	58.0	54.0	54.0	54.0	54.0	52.0	54.0	52.0	55.0
Public Works	50.0	49.0	47.0	47.0	47.0	47.0	45.0	48.0	48.0	48.0
Public Health	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Building	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Planning & Zoning	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0
Human Services	12.0	11.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0	10.0
Culture and Recreation	22.0	22.0	18.0	18.0	18.0	18.0	19.0	18.0	18.0	17.0
Library	12.0	12.0	12.0	12.0	12.0	12.0	13.0	13.0	13.0	13.0
Education	668.0	657.0	618.0	628.0	638.0	639.0	628.0	609.0	635.0	642.0
Total	857.0	843.0	791.0	801.0	810.0	811.0	802.0	787.0	811.0	825.0

Source: Town of South Windsor-Human Resources

TABLE 15

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

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Police</u>										
General service calls	27,223	30,055	32,521	28,306	33,068	33,329	34,562	44,701	35,186	35,073
Criminal Arrests	333	428	490	630	427	643	569	645	690	861
Traffic accidents	486	416	659	395	399	584	586	410	459	582
<u>Fire Marshal</u>										
Fire Investigations Completed	35	31	10	27	23	19	10	18	34	37
Inspections	1,989	1,875	1,500	1,545	2,565	1,704	850	588	627	508
<u>Public Works</u>										
GIS Dashboard Requests*	800	1,159	1,200	1,100	958	903	700	375	-	-
Snow Routes	17	22	22	20	21	21	21	21	19	18
Miles of Road Plowed	140	140	140	140	140	140	140	140	140	139
Road Surface Treatment Miles	13	21.1	6.5	6.2	4.3	5.6	2.0	1.0	7.0	12.9
Catch Basins Cleaned	1,900	2,001	1,891	1,736	1,997	2,048	1,677	2,896	815	292
<u>Health/Human Services</u>										
Food Service Inspections ⁽¹⁾	288	226	175	140	107	195	147	103	75	85
Child Care Facility Inspections	6	12	5	11	3	13	11	13	10	10
Youth Development Participants	2,456	921	901	913	1,900	2,797	600	1,899	584	967
Teen Center Participants	305	247	245	254	275	313	500	427	471	460
<u>Parks and Recreation</u>										
Athletic Fields Maintained	28	28	28	25	25	25	23	23	23	23
Baseball/Softball Fields maintained	16	16	16	16	16	16	16	16	16	16
<u>Library</u>										
Total Circulation	224,924	296,100	222,000	231,708	268,030	277,000	283,300	284,291	280,467	281,672
Library Sponsored Programs	597	857	575	568	562	433	500	487	434	279
<u>Wastewater</u>										
Wastewater Treated (million gallons)	1	824	900	816.8	856.8	908.5	800	808	684	701
Emergency Call-outs/Alarms	54	86	90	102	94	142	110	148	73	58
Miles of Sewer Line Cleaned	15	30	30	7.75	5.5	18.5	12.00	2.80	1.90	33.00

SOURCE: Town of South Windsor-Variou Departments

* Information not available

⁽¹⁾ FY 2018 includes temporary events, farmers market and itinerant trucks

TABLE 16

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

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Function/Program</u>										
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	44	44	42	42	42	42	42	42	42	42
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	14	14	13	13	13	13	13	13	13	13
Hydrants	976	949	949	937	927	890	890	890	890	890
Public works										
Vehicles/Equipment	158	158	156	116	114	102	105	102	108	111
Streets (miles)	140	140	140	140	140	140	140	140	139.5	139
Parks & Recreation										
Vehicles (road)	17	15	14	14	13	13	12	13	13	13
Acreage	957.97	840.53	840.53	840.53	840.53	840.53	812.94	812.94	812.94	812.94
Playgrounds	3	2	2	2	2	2	2	2	2	2
Athletic fields	44.5	41.5	41.5	41.5	41.5	41.5	39.5	39.5	39.5	39.5
Wapping Rec.	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	3	3	3	3	3	3
Public Libraries										
Libraries	1	1	1	1	1	1	1	1	1	1
Human Services										
Community Center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	6	5	4	4	4	4	4	3	3	3
Education										
Schools	6	6	7	7	7	7	7	7	7	7