

TOWN OF WINCHESTER CONNECTICUT



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR
THE YEAR ENDED JUNE 30, 2020

**TOWN OF WINCHESTER
CONNECTICUT**

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2020

Prepared By
Winchester Finance Department
Winsted, Connecticut 06098

TOWN OF WINCHESTER, CONNECTICUT

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Introductory Section

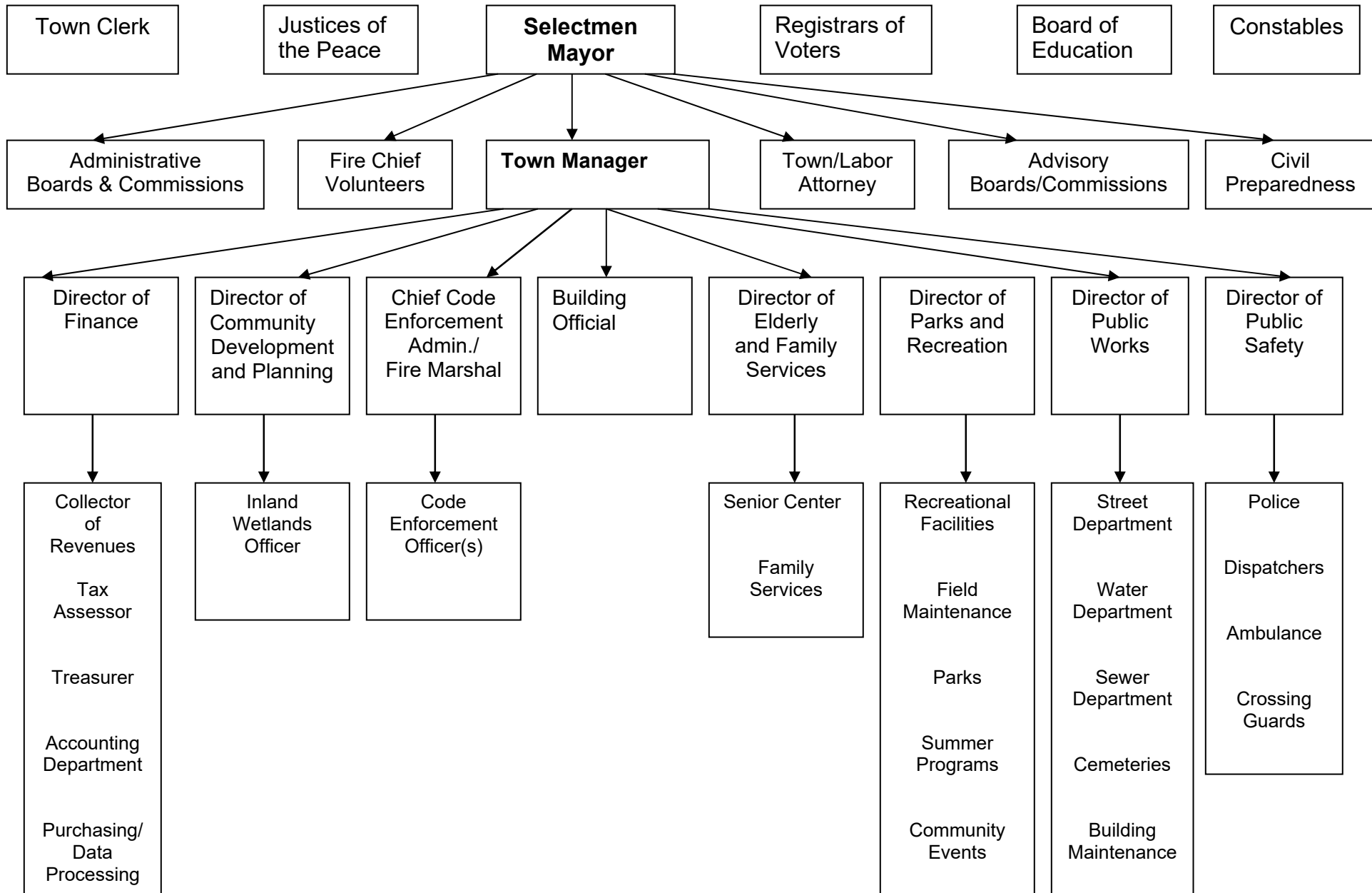
TOWN OF WINCHESTER, CONNECTICUT

List of Elected and Appointed Officials

As of June 30, 2020

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>
Mayor:	Althea Candy Perez	Appointed
Board of Selectman:	Althea Candy Perez	Elected
	Steven Sedlack	Elected
	Candace Bouchard	Elected
	Todd Arcelaschi	Elected
	Melissa Bird	Elected
	Jack Bourque	Elected
	Linda Groppo	Elected
Board of Assessment Appeals:	Mark Arcelaschi, Chairman	Appointed
	John Herman	Appointed
	Jackie Mulvey	Appointed
	Vacant Seat	Appointed
	Sam Demonstranti	Alternate
	Joel Stewart	Alternate
	Todd Arcelaschi	Liason
Director of Public Works:	James Rollins	Appointed
Town Manager:	Robert Geiger	Appointed
Director of Finance:	Bruce B. Stratford	Appointed
Treasurer:	Cynthia E. Rines	Appointed
Tax Collector:	Halaree Monnerat	Appointed
Town Clerk:	Sheila S. Sedlack	Elected
Purchasing Agent:	Mark A. Douglass	Appointed
Town Assessor:	Rhonda Roy	Appointed
Superintendent of Schools:	Melony Brady-Shanley	Appointed

TOWN OF WINCHESTER, CONNECTICUT
Organizational Chart of the Town Government





TOWN OF WINCHESTER – CITY OF WINSTED

Town Hall – 338 Main Street

WINSTED, CONNECTICUT 06098

December 18, 2020

Honorable Mayor Althea Candy Perez

Members of the Board of Selectmen

Town Manager Robert Geiger

Citizens of the Town of Winchester

The Finance Department is pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the Town of Winchester for the fiscal year ended June 30, 2020 (FY20). The report includes the independent auditors' report as required by the Town Charter and the Connecticut Statutes. The report is prepared in conformity with Generally Accepted Accounting Principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

State law requires that every general-purpose local government publish, within 6 months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for FY20.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established for this purpose. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met, including producing financial statements that are free of any material misstatements. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the anticipated benefits.

King, King & Associates, CPAs have issued an unqualified opinion on the Town of Winchester's financial statements for the fiscal year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

State and federal "single audits" were also performed as required by state and federal law, respectively. The purpose of these audits is to determine whether the Town of Winchester complied with the laws and regulations and applicable compliance requirements of the major state and federal assistance programs, and whether the Town maintained controls to assure compliance.

The Town of Winchester is an equal opportunity provider, employer and lender.

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

Profile of the Town of Winchester

The Town of Winchester, located in Litchfield County, is a political subdivision located approximately thirty miles northwest of Hartford in the watersheds of the Farmington and Naugatuck Rivers. It is bordered on the north by the Town of Colebrook, on the south by the City of Torrington, on the east by the Town of Barkhamsted, and on the west by the Towns of Norfolk and Goshen. It covers a land area of approximately thirty-four square miles. What is commonly referred to as the City of Winsted is located within the Town of Winchester, but that "entity" has no separate government or other political distinction (the terms "Winchester" and "Winsted" are used interchangeably by area residents). Winchester was first settled and incorporated as a Town in 1732. The Town sits at the crossroads of U.S. Route 44 and State Route 8. State Routes 20, 183 and 263 also traverse the Town. The Town has approximately eighty miles of Town roads, of which approximately seventy-six miles are paved. State-controlled and maintained roads account for an additional twenty-three miles.

The Town of Winchester is governed under a home-rule charter, last revised in 2016, that provides a Manager/Selectmen/Town Meeting form of government with a seven-member Board of Selectmen that also serves as the Board of Finance. Elections for the Board of Selectmen are held in November in every odd-numbered year. The residents also have the powers and privileges conferred and granted to Towns and Cities under the Constitution and the General Statutes of the State of Connecticut.

The Town Manager is the full-time Chief Executive and Administrative Officer of the Town and oversees the execution of all laws and ordinances governing the Town. The First Selectman, or officially titled "Mayor," presides over the Board of Selectmen and has full voting privileges on the Board. The Board of Selectmen appoints members to various commissions and boards.

The Town's annual Budget Meeting is held on the second Monday in May. Prior to adjournment to Budget Referendum, the electors at the Budget Meeting review the budget as presented by the Board of Selectmen and have the power to decrease, but not increase, any line-item of the budget. The Budget Meeting is then adjourned to a referendum for approval. The approved budget serves as the foundation for the Town's financial planning and control.

Due to COVID-19 pandemic conditions in May 2020, the Board of Selectmen was authorized by Connecticut Governor's Executive Order 71 to adopt the FY21 General Fund budget without holding an Annual Budget Meeting and referendum. That adoption occurred at a Special Meeting of the Board of Selectmen on May 21, 2020.

The Town provides a full range of services, including general government operations; police and fire protection; the construction and maintenance of highways, streets and other infrastructure; health and welfare services; cultural and recreational activities; economic development support; and education. Water and wastewater treatment and distribution are under the control of an independent Water and Sewer Commission (appointed by the Board of Selectmen).

The Town of Winchester is an equal opportunity provider, employer and lender.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Winchester operates.

Economic Condition and Outlook

Winchester is primarily a residential community with single-family homes. Most residents are employed in the manufacturing, education, health and social services categories. Recent data from the CT Data Collaborative indicates that Winchester's 2014-2018 median household income was \$68,651, as compared to the State of Connecticut's \$76,106. The Town's population has been relatively stable since 2000 at approximately 11,000.

In accordance with State of Connecticut statutes, the Town conducted a property revaluation in 2017. The next scheduled revaluation including a physical inspection of all properties, which was not part of the 2017 revaluation, is slated for 2022. The grand list of all real estate is primarily residential (83%) with an important industrial and commercial presence (17%).

At June 30, 2020 the Town's unassigned General Fund balance was \$7,184,823, which represents 21.7 percent of FY20 General Fund expenditures. Moody's Investor Services assigned an Issuer Rating of A1 to the Town on September 6, 2019.

During the winter of 2020 the Town was impacted by the COVID-19 pandemic to the extent that access to Town Hall was restricted and precautions were taken to protect citizens and town employees. As permitted by the federal CARES act, the Town applied for FEMA and CT Coronavirus Relief Fund (CRF) funding to defray these expenses.

Major Initiatives

Zoning Regulations

The Planning and Zoning Commission adopted in 2016 a complete revision of its zoning regulations, which are expected to encourage economic growth through increased clarity and modernization.

Economic Development

The Economic Development Commission is committed to expanding the Town's commercial and industrial base and constantly looks for opportunities to create readily marketable properties in the Town's industrial and commercial zoned areas, including the adaptive reuse of former mill sites.

The Town recently updated its website to feature the Town's most favorable attributes. The Commission is pursuing grants for property development, facilities improvements, and recreational funding. In 2016 the Town was awarded \$1.5 million to extend the Sue Grossman Trail, a bike and pedestrian greenway, into the downtown area.

The Town of Winchester is an equal opportunity provider, employer and lender.

Comprehensive Economic Development Strategy (CEDS)

The Northwest Connecticut Economic Development Commission (NWCTEDC), in which the Town is a participant, prepared in 2012 a Comprehensive Economic Development Strategy document. The plan identifies economic development projects which have positive impacts on the regional and local economy. The CEDS document affords the Town access to Federal Economic Development Administration grant and loan funds.

Regional Outreach

In conjunction with the CEDS project, the Town is also a member of the Northwest Hills Council of Governments (NHCOG), a regional planning organization. A popular and effective program among the twenty-one member towns is the Public Works Equipment Cooperative, which enables member towns to share pieces of heavy-duty equipment related to public works activities.

Brownfields

In 2015 the Town was awarded \$600,000 in State of Connecticut grants for brownfield assessment and remediation of a long-vacant and deteriorating town-controlled site: \$100,000 was funded by the Department of Community and Economic Development's Municipal Brownfield Assessment and Inventory (MBAI) program, and the remaining \$500,000 was received from the Office of Policy and Management's Small Town Economic Assistance Program (STEAP). The remediation of this property, now known as Winsted Edgeworks, is complete.

Development

During the fiscal year the Town saw major progress on the new 28,000 sf Hartford Hospital Urgent Care medical center on South Main Street and celebrated completion of the \$300,000 salt shed project at the public works garage.

Labor Contracts

During the fiscal year the Town amended its contract with the Police Dispatchers, Parking Control Aides and Animal Control Officers to permit dispatch functions by Litchfield County Dispatch. This bargaining unit comprises approximately 5 employees.

Infrastructure

Since November 2018 the Town has reconstructed and/or resurfaced 2.3 miles of local roads. Preventive maintenance was performed on an additional 6.9 miles of local roads. During the fiscal year the Town completed replacement of the Sucker Brook bridge and the Lanson Road culvert. These projects received 80 percent and 50 percent state funding, respectively.

In September 2019 Town residents approved a \$17.4 million referendum to renovate the Mary P. Hinsdale School with \$7 million of that cost being funded by the State of Connecticut. During the fiscal year the Hinsdale School Renovation Committee authorized architectural planning for the project.

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Budgetary Controls

Under the direction of the Finance Director, the Town has reviewed and revised its budgetary controls, and implemented other changes, policies, and procedures recommended by the independent auditor and other State and Federal regulatory agencies. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the electors at referendum. Budget administration is performed by the Town Manager and the Finance Director. The budget is legally enacted at the department expenditure level, which serves as a management tool; budgetary control is maintained at the department level. This is achieved through the use of a full encumbrance system, which encumbers appropriations upon the issuance of purchase orders. Encumbrances outstanding at year-end are recorded as budgetary expenditures and reported as a reservation of the fund balance at June 30. Transfers within a department may be made during the fiscal year upon approval by the Board of Selectmen. Transfers between departments can only be made during the last three months of the fiscal year, once again, with approval by the Board of Selectmen. Management cannot amend the budget.


Fiduciary Fund Operation

Fiduciary Funds are used to account for funds that the Town holds in a trustee capacity or as an agent for individuals or organizations. The Town of Winchester Town Employees' Pension Trust Fund is used to account for contributions, pension benefits and other costs that are associated with the operations of the pension plan.

Acknowledgements

The preparation of this report would have not been accomplished without the services of the members of the Department of Finance, including Treasurer Cynthia Rines, other Town staff and Nancy O'Dea-Wyrick, Director of Finance and Business Services for the Winchester Board of Education. I would also like to thank the Board of Selectmen for its continued interest, efforts, and support in planning and conducting the financial operations of the Town in a responsible and professional manner.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bruce B. Stratford". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Bruce B. Stratford CPA CFE CFF
Director of Finance

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Winchester, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winchester, Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditor's 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 auditor's 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 auditor considers 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winchester, CT, as of June 30, 2020, 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, budgetary comparison information, and pension and OPEB schedules on pages 10 to 18 and 67 to 78 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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

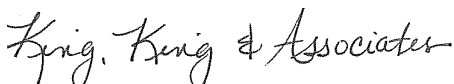
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winchester, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented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

The combining and individual nonmajor fund financial statements 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020 on our consideration of the Town of Winchester, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Winchester, Connecticut's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs
Winsted, CT
December 18, 2020

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

As management of the Town of Winchester, we offer readers of the Town of Winchester's financial statements this narrative overview and analysis of the financial activities of the Town of Winchester for the fiscal year ended June 30, 2020.

Financial Highlights

- The assets of the Town of Winchester exceeded its liabilities at the close of the most recent fiscal year by \$75,088,279 (*net position*). Governmental activities reflect a negative unrestricted net position in the amount of (\$441,937) indicating that currently none of the net position may be used to meet ongoing obligations to citizens and creditors. Business-type activities have an unrestricted net position of \$3,671,182.
- The government's total net position increased by \$2,176,148.
- As of the close of the current fiscal year, the Town of Winchester's governmental funds reported combined ending fund balances of \$12,680,335, an increase of \$293,183 in comparison with the prior year.
- At the end of the current fiscal year, unassigned and assigned, and total fund balances for the General Fund were \$7,309,520 and \$9,121,966, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Winchester's basic financial statements. The Town of Winchester's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Winchester's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Winchester's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the Town of Winchester is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position is changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in future cash inflows (revenues) and outflows (expenditures).

Both of the government-wide financial statements distinguish functions of the Town of Winchester that are principally supported by grants and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Winchester include education, public safety, general government and public works.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

The government-wide financial statements can be found on pages 19-20 of this report.

Fund Financial Statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Winchester, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Winchester can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Winchester maintains twenty-five (25) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Sewer Assessment Fund, Federal and State Education Grants Fund, and Capital Improvement Fund. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Winchester adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21-24 of this report.

Proprietary Funds: The Town maintains two proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Pollution Control Authority.

The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Winchester's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-66 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Winchester, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$75,088,279 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 15,785,121	\$ 15,611,090	\$ 3,925,412	\$ 3,416,011	\$ 19,710,533	\$ 19,027,101
Capital Assets	46,222,426	44,472,094	25,658,789	26,417,294	71,881,215	70,889,388
Total Assets	<u>62,007,547</u>	<u>60,083,184</u>	<u>29,584,201</u>	<u>29,833,305</u>	<u>91,591,748</u>	<u>89,916,489</u>
Deferred Outflows of Resources	3,373,647	2,655,912	19,716	29,574	3,393,363	2,685,486
Long-term Liabilities	15,285,423	13,740,983	718,076	886,919	16,003,499	14,627,902
Other Liabilities	2,335,371	2,381,979	110,973	160,888	2,446,344	2,542,867
Total Liabilities	<u>17,620,794</u>	<u>16,122,962</u>	<u>829,049</u>	<u>1,047,807</u>	<u>18,449,843</u>	<u>17,170,769</u>
Deferred Inflows of Resources	1,446,989	2,519,075	-	-	1,446,989	2,519,075
Net Position:						
Net Investment in Capital Assets	44,417,410	42,121,720	25,103,686	25,667,645	69,521,096	67,789,365
Restricted	2,337,938	2,296,086	-	-	2,337,938	2,296,086
Unrestricted	(441,937)	(320,747)	3,671,182	3,147,427	3,229,245	2,826,680
Total Net Position	<u>\$ 46,313,411</u>	<u>\$ 44,097,059</u>	<u>\$ 28,774,868</u>	<u>\$ 28,815,072</u>	<u>\$ 75,088,279</u>	<u>\$ 72,912,131</u>

\$69,521,365 of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in 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.

\$1,310,371 of the restricted portion of the Town of Winchester's net position represents net position restricted for Community Development, \$48,421 is restricted for Soldiers Monument Restoration, \$184,888 is restricted for Grants & Donations, and \$481,279 is restricted for other purposes. The remaining restricted portion, \$312,979, represents net position restricted for purposes of trust. Unrestricted net position in the amount of \$3,229,245 may be used to meet ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Winchester's Governmental Activities are able to report positive balances in all categories of net position except Unrestricted Net Position, for the government as a whole.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 24,228,706	\$ 24,221,642	\$ -	\$ -	\$ 24,228,706	\$ 24,221,642
Unrestricted Grants & Contributions	580,970	578,580	-	-	580,970	578,580
Unrestricted Investment Income	193,301	240,749	15,379	20,836	208,680	261,585
Other General Revenues, Net	58,060	90,673	-	-	58,060	90,673
<i>Program Revenues:</i>						
Charges for Services	934,599	1,069,355	3,619,156	3,531,717	4,553,755	4,601,072
Operating Grants and Contributions	14,733,522	15,275,512	-	-	14,733,522	15,275,512
Capital Grants and Contributions	1,166,882	328,952	-	-	1,166,882	328,952
Total Revenues	41,896,040	41,805,463	3,634,535	3,552,553	45,530,575	45,358,016
EXPENSES						
<i>Governmental Activities:</i>						
General Government	3,466,896	2,980,847	-	-	3,466,896	2,980,847
Public Safety	5,186,461	4,512,892	-	-	5,186,461	4,512,892
Public Works	3,206,158	2,800,234	-	-	3,206,158	2,800,234
Health	615,805	469,359	-	-	615,805	469,359
Library	222,702	218,336	-	-	222,702	218,336
Parks and Recreation	411,335	308,839	-	-	411,335	308,839
Waste Disposal and Recycling	202,950	202,949	-	-	202,950	202,949
Interest on Long-Term Debt	83,212	105,504	-	-	83,212	105,504
Education	26,226,649	26,641,327	-	-	26,226,649	26,641,327
<i>Business-Type Activities:</i>						
Waterworks	-	-	1,753,902	1,666,615	1,753,902	1,666,615
Sewer	-	-	1,978,357	2,006,301	1,978,357	2,006,301
Total Expenses	39,622,168	38,240,287	3,732,259	3,672,916	43,354,427	41,913,203
Change in Net Position Before Transfers, and Contributions to Permanent Funds	2,273,872	3,565,176	(97,724)	(120,363)	2,176,148	3,444,813
Transfers	(57,520)	(58,958)	57,520	58,958	-	-
Contributions to Permanent Funds	-	2,757	-	-	-	2,757
Change in Net Position	2,216,352	3,508,975	(40,204)	(61,405)	2,176,148	3,447,570
Beginning Net Position	44,097,059	40,588,084	28,815,072	28,876,477	72,912,131	69,464,561
Ending Net Position	\$ 46,313,411	\$ 44,097,059	\$ 28,774,868	\$ 28,815,072	\$ 75,088,279	\$ 72,912,131

Governmental Activities

Governmental activities increased the Town of Winchester's net position by \$2,176,148. Fifty-eight percent (58%) of the revenues of the Town were derived from property taxes, followed by thirty-nine percent (39%) from intergovernmental, two percent (2%) from fees for services, and less than one percent (1%) from other.

TOWN OF WINCHESTER, CONNECTICUT
 Management's Discussion and Analysis
 June 30, 2020

Major revenue factors include:

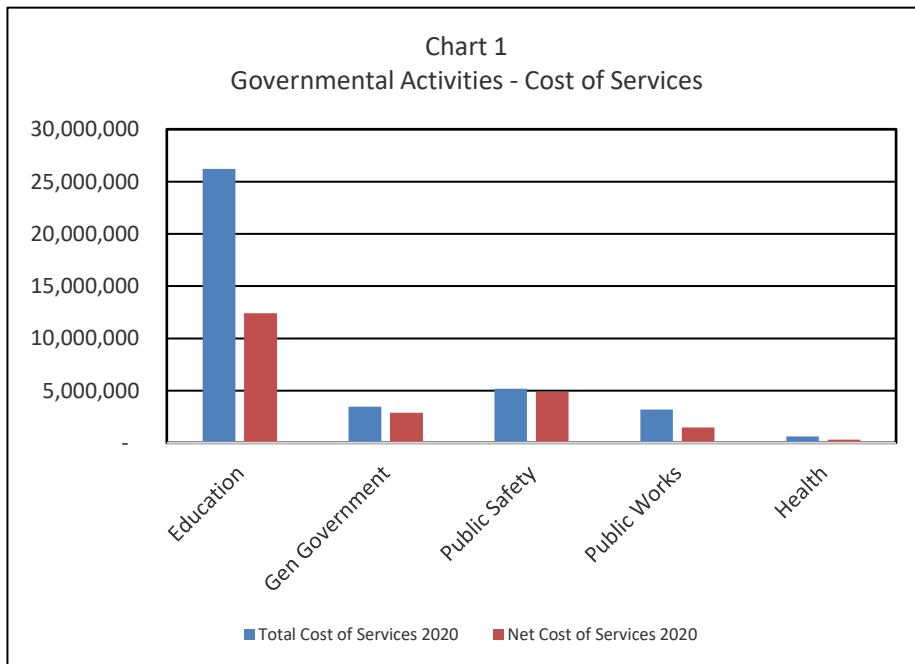
- \$838,000 increase (254%) in Capital Grants and Contributions due to federal and state grant funding for two bridge projects.
- \$542,000 net decrease (3.5%) in Operating Grants and Contributions related to the COVID-19 pandemic which constrained normal grant related activity in the Education function.

For Governmental Activities, 66% of the Town's expenses relate to education, 15% relate to public safety and health, 8% relate to public works, and the remaining 11% relates to government and community services, administration, and other areas.

Major expense factors include:

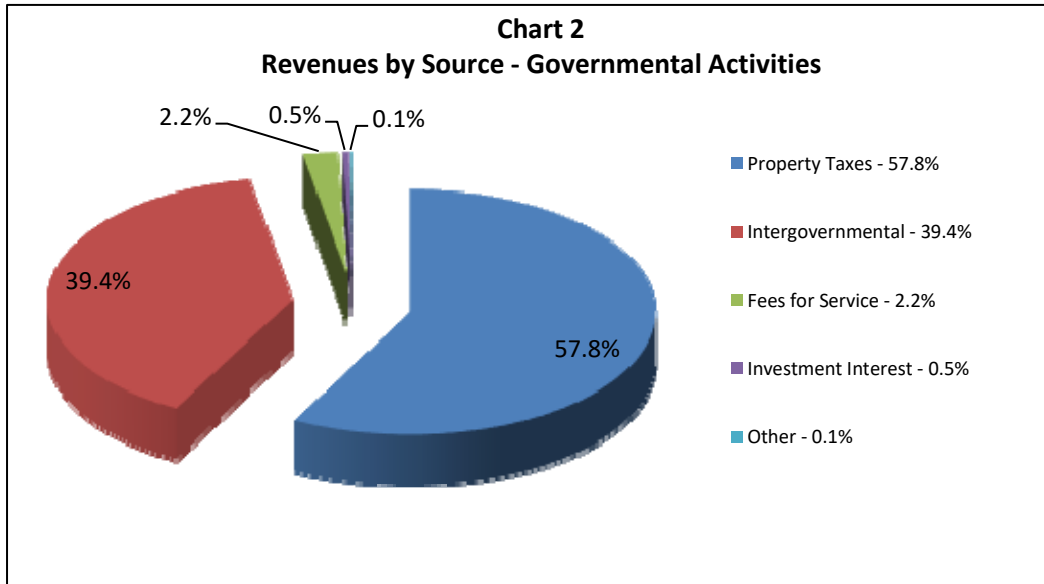
- \$820,000 increase (16%) in Public Safety expense due to full staffing of the police force, costs related to converting the dispatch function to an outside contractor and increased pension costs.
- \$406,000 increase (14%) in Public Works expense primarily due to additional staff and increased infrastructure maintenance activity.
- \$415,000 decrease (1.6%) in Education expense primarily due to the COVID-19 pandemic which constrained normal grant related activity in the Education function.

Chart 1 presents the costs of each of the five largest programs, 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.



TOWN OF WINCHESTER, CONNECTICUT
 Management's Discussion and Analysis
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Chart 2 presents the various sources of revenue that fund Town operations. The percentages indicate what part of the whole each segment represents.

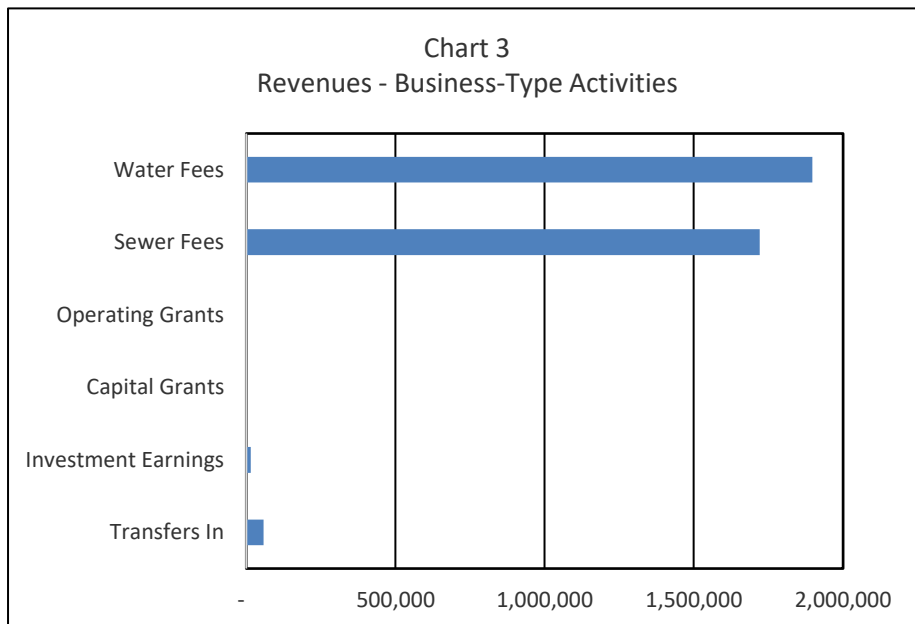


Business-Type activities

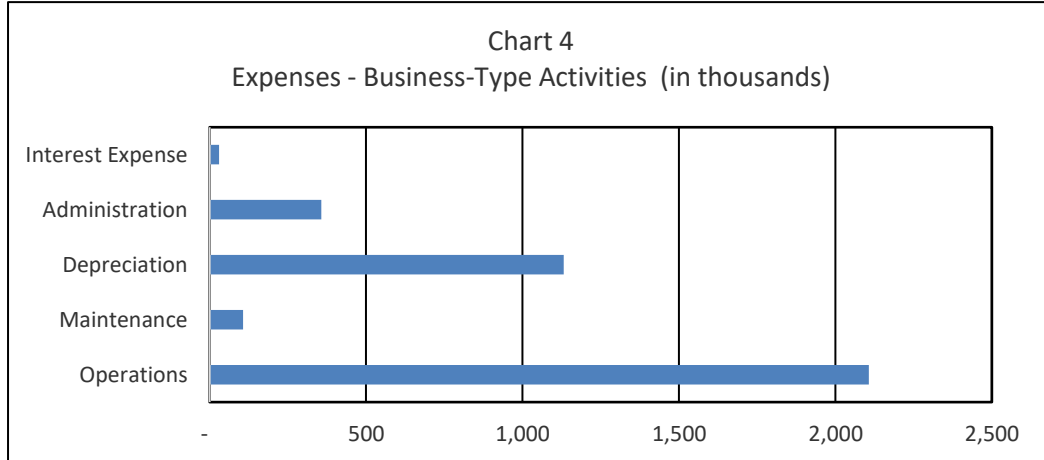
Business-type activities decreased the Town of Winchester's net position by \$40,204. Ninety-nine percent (99%) of the revenues of the business-type activities were derived from charges for services and less than one percent (1%) was from investment income. Key elements of enterprise fund performance are as follows:

- Total revenues increased by \$103,000 (2.9%) compared to the previous year's revenues.
- Total expenses increased by \$60,000 (1.6%) compared to the previous year's expenses.

Charts 3 and 4 reflect the water/sewer utility operations for fiscal year 2020 regarding sources of revenue and classes of expenses.



TOWN OF WINCHESTER, CONNECTICUT
 Management's Discussion and Analysis
 June 30, 2020



Financial Analysis of the Government's Funds

As noted earlier, the Town of Winchester uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town of Winchester's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Winchester's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Winchester's governmental funds reported combined ending fund balances of \$12,680,335, an increase of \$293,183 in comparison with the prior year.

General Fund. The General Fund is the chief operating fund of the Town of Winchester. At June 30, 2020, the General Fund's fund balance was \$9,121,966 of which \$495,845 was committed to education and \$1,316,601 was committed to capital improvements. There was also \$124,697 assigned to general government encumbrances. The remaining \$7,184,823 is classified as unassigned General Fund balance. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned and total fund balances to total fund expenditures. At June 30, 2020, unassigned and total General Fund balances represented 22.7% and 28.8% of total budget basis General Fund expenditures, respectively. See page 71 for budgetary basis data.

The fund balance of the Town of Winchester's General Fund increased by \$1,014,938 during the current fiscal year.

Sewer Assessment Fund. The fund balance of the Sewer Assessment Fund decreased by \$24,500 during the current fiscal year due to collections of \$66,085, less the transfer out of \$90,585.

Capital Improvements Fund. The fund balance of the Capital Improvements Fund decreased by \$738,740 during the current fiscal year. The decrease is mainly due to the appropriation from the General Fund of \$1,462,000 and grants of \$1,166,882 less the current year's capital outlay expenditures.

TOWN OF WINCHESTER, CONNECTICUT

Management's Discussion and Analysis

June 30, 2020

General Fund Budgetary Highlights

The General Fund Budgetary Highlights are as follows:

- \$258,000 of intergovernmental revenues in excess of budget.
- \$363,000 of expenditure savings in the Education function. These funds have been transferred to a non-lapsing Education function account as permitted by Connecticut statutes.
- \$152,000 of expenditure savings in the General Government function.
- \$121,000 of property taxes, interest and lien fees collected in excess of budget.
- \$114,000 of expenditure savings in the Public Works function.
- Transfer of \$1,462,000 to the Capital Improvements Fund.

Capital Asset and Debt Administration

Capital Assets: The Town of Winchester's reported value in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$71,881,215 (net of accumulated depreciation). The reported value in capital assets includes land and buildings, vehicles, machinery and equipment. Major capital asset events during the current fiscal year included the following:

- Roadway and bridge improvements.
- Vehicle and equipment replacements (Public Works and Public Safety.)
- Engineering plans for Town and School improvements.

	<u>2020</u>	<u>2019</u>
<i>Governmental Activities:</i>		
Land	\$ 25,839,045	\$ 25,839,045
Construction in Progress	952,193	1,056,112
Buildings	2,157,793	1,825,064
Improvements	2,349,744	2,419,307
Machinery and Equipment	3,323,727	3,330,220
Infrastructure	11,599,924	10,002,346
	<u>\$ 46,222,426</u>	<u>\$ 44,472,094</u>

TOWN OF WINCHESTER, CONNECTICUT

Management's Discussion and Analysis

June 30, 2020

	2020	2019
<i>Business-type Activities:</i>		
Land	\$ 85,476	\$ 92,847
Construction in Progress	113,119	85,840
Buildings	15,770,009	16,480,826
Improvements	1,275,314	1,318,527
Machinery and Equipment	346,103	278,914
Infrastructure	8,068,768	8,160,340
	\$ 25,658,789	\$ 26,417,294

Additional information on the Town of Winchester's capital assets can be found in Note 3 on pages 41-42 of this report.

Long-Term Debt: The Town of Winchester has the following obligations:

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Outstanding</u>	<u>Maturity</u>
<u>Bonds</u>					
8/14/2008	Public Improvements	4.02	\$ 6,316,000	\$ 1,676,000	Aug. 2023
8/15/2002	Sewer	2.00-5.00	6,290,000	305,000	June 2022
<u>Other</u>					
1/31/2008	Clean Water Fund Loans	2.00	642,019	237,987	Jan. 2027
	Total			\$ 2,218,987	

The Town of Winchester's total borrowings decreased by \$608,488 during the current fiscal year, primarily due to the repayment of debt. Additional information on the Town of Winchester's long-term debt can be found in Note 3 on pages 44-46 of this report.

Economic Factors and Next Year's Budgets and Rates

- COVID-19 pandemic impact on the state economy.
- Recent economic development impact on Grand List growth.
- State grant supporting the Hinsdale School renovation project.
- Continued capital investment to address aging infrastructure and equipment.
- Uncertainty of State municipal aid grants continuing at historical funding levels.

Request for Information

This financial report is designed to provide a general overview of the Town of Winchester's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town of Winchester, 338 Main Street, Winsted, CT 06098.

Basic Financial Statements

TOWN OF WINCHESTER, CONNECTICUT

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 13,367,996	\$ 2,239,482	\$ 15,607,478
Receivables, Net of Allowance	2,874,877	319,041	3,193,918
Other Assets	3,564	897,819	901,383
Internal Balances	(469,070)	469,070	-
Prepays	7,754	-	7,754
Capital Assets:			
Assets Not Being Depreciated	26,791,238	198,595	26,989,833
Assets Being Depreciated, Net	19,431,188	25,460,194	44,891,382
Total Assets	\$ 62,007,547	\$ 29,584,201	\$ 91,591,748
Deferred Outflows of Resources			
Deferred Outflows - Pension and OPEB	3,373,647	-	3,373,647
Deferred Charge on Refunding	-	19,716	19,716
Total Deferred Outflows of Resources	3,373,647	19,716	3,393,363
Liabilities			
Accounts Payable and Accrued Items	\$ 1,807,064	\$ 110,973	\$ 1,918,037
Due to Other Governments	153,130	-	153,130
Unearned Revenue	375,177	-	375,177
Noncurrent Liabilities:			
Due Within One Year	873,363	272,771	1,146,134
Due In More Than One Year	14,412,060	445,305	14,857,365
Total Liabilities	17,620,794	829,049	18,449,843
Deferred Inflows of Resources			
Deferred Inflows - Pension and OPEB	1,446,989	-	1,446,989
Total Deferred Inflows of Resources	1,446,989	-	1,446,989
Net Position			
Net Investment in Capital Assets	44,417,410	25,103,686	69,521,096
Restricted for Community Development	1,310,371	-	1,310,371
Restricted for Soldiers Monument Restoration	48,421	-	48,421
Restricted for Grants & Donations	184,888	-	184,888
Restricted for Other Purposes	481,279	-	481,279
Restricted for Purposes of Trust:			
Nonexpendable	187,376	-	187,376
Expendable	125,603	-	125,603
Unrestricted	(441,937)	3,671,182	3,229,245
Total Net Position	\$ 46,313,411	\$ 28,774,868	\$ 75,088,279

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Statement of Activities

For the Year Ended June 30, 2020

Functions/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$ 3,466,896	\$ 384,894	\$ 199,932	\$ -	\$ (2,882,070)	\$ -	\$ (2,882,070)
Library	222,702	-	-	-	(222,702)	-	(222,702)
Waste Disposal and Recycling	202,950	-	-	-	(202,950)	-	(202,950)
Public Safety	5,186,461	66,042	239,580	-	(4,880,839)	-	(4,880,839)
Public Works	3,206,158	260,000	300,021	1,166,882	(1,479,255)	-	(1,479,255)
Health	615,805	59,436	241,588	-	(314,781)	-	(314,781)
Parks and Recreation	411,335	95,992	-	-	(315,343)	-	(315,343)
Education	26,226,649	68,235	13,752,401	-	(12,406,013)	-	(12,406,013)
Interest on Long-Term Debt	83,212	-	-	-	(83,212)	-	(83,212)
Total Governmental Activities	<u>39,622,168</u>	<u>934,599</u>	<u>14,733,522</u>	<u>1,166,882</u>	<u>(22,787,165)</u>	<u>-</u>	<u>(22,787,165)</u>
Business-Type Activities:							
Waterworks	1,753,902	1,897,956	-	-	-	144,054	144,054
Sewer	<u>1,978,357</u>	<u>1,721,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(257,157)</u>	<u>(257,157)</u>
Total Business-Type Activities	<u>3,732,259</u>	<u>3,619,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,103)</u>	<u>(113,103)</u>
Total Primary Government	<u>\$ 43,354,427</u>	<u>\$ 4,553,755</u>	<u>\$ 14,733,522</u>	<u>\$ 1,166,882</u>	<u>(22,787,165)</u>	<u>(113,103)</u>	<u>(22,900,268)</u>
General Revenues:							
Property Taxes					24,228,706	-	24,228,706
Grants and Contributions not Restricted to Specific Programs					580,970	-	580,970
Unrestricted Investment Earnings					193,301	15,379	208,680
Miscellaneous					58,060	-	58,060
Transfers					(57,520)	57,520	-
Total General Revenues and Transfers					<u>25,003,517</u>	<u>72,899</u>	<u>25,076,416</u>
Change in Net Position					2,216,352	(40,204)	2,176,148
Net Position at Beginning of Year					<u>44,097,059</u>	<u>28,815,072</u>	<u>72,912,131</u>
Net Position at End of Year					<u>\$ 46,313,411</u>	<u>\$ 28,774,868</u>	<u>\$ 75,088,279</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2020

	General	Federal and State Education Grants Fund	Sewer Assessment	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 11,487,239	\$ -	\$ -	\$ 713,916	\$ 1,166,841	\$ 13,367,996
Receivables, Net of Allowance	897,461	75,562	165,202	304,259	1,432,393	2,874,877
Prepays	7,754	-	-	-	-	7,754
Due from Other Funds	295,950	299,615	-	813,417	255,339	1,664,321
Other Assets	-	-	-	-	3,564	3,564
Total Assets	\$ 12,688,404	\$ 375,177	\$ 165,202	\$ 1,831,592	\$ 2,858,137	\$ 17,918,512
Liabilities						
Accounts Payable and Accrued Items	\$ 1,555,756	\$ -	\$ 612	\$ 137,687	\$ 113,009	\$ 1,807,064
Due to Other Funds	1,406,469	-	706,174	-	20,748	2,133,391
Due to Other Governments	-	-	-	-	153,130	153,130
Unearned Revenue	-	375,177	-	-	-	375,177
Total Liabilities	2,962,225	375,177	706,786	137,687	286,887	4,468,762
Deferred Inflows of Resources						
Unavailable Revenue:						
Property Taxes and Interest	604,213	-	-	-	-	604,213
Sewer Assessment Charges	-	-	165,202	-	-	165,202
Total Deferred Inflows of Resources	604,213	-	165,202	-	-	769,415
Fund Balances						
Nonspendable	-	-	-	-	187,376	187,376
Restricted	-	-	-	-	2,150,562	2,150,562
Committed	1,812,446	-	-	1,693,905	233,312	3,739,663
Assigned	124,697	-	-	-	-	124,697
Unassigned	7,184,823	-	(706,786)	-	-	6,478,037
Total Fund Balances	9,121,966	-	(706,786)	1,693,905	2,571,250	12,680,335
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,688,404	\$ 375,177	\$ 165,202	\$ 1,831,592	\$ 2,858,137	\$ 17,918,512

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2020

Fund balances reported in governmental funds Balance Sheet \$ 12,680,335

**Amounts reported for governmental activities in the government- wide
Statement of Net Position are different because:**

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

<i>Capital Assets</i>	79,372,608
<i>Depreciation</i>	(33,150,182)

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

<i>Property taxes and interest receivable greater than 60 days</i>	604,213
<i>Sewer assessments and interest receivable greater than 60 days</i>	165,202

Certain changes related to pensions are deferred and amortized over time. 1,926,658

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.

<i>Bonds payable</i>	(1,676,000)
<i>Net Pension Liability</i>	(5,436,846)
<i>Net Pension Liability - MERS</i>	(3,405,129)
<i>OPEB liability</i>	(2,849,501)
<i>Capital leases payable</i>	(129,016)
<i>Claims and judgments</i>	(791,912)
<i>Compensated Absences</i>	<u>(997,019)</u>

Net position of governmental activities **\$ 46,313,411**

TOWN OF WINCHESTER, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General	Federal and State Education Grants Fund	Sewer Assessment	Capital Improvements Fund	Nonmajor Governmental Funds	Total
Revenues						
Property Taxes, Interest and Lien Fees	\$ 24,245,991	\$ -	\$ -	\$ -	\$ -	\$ 24,245,991
Intergovernmental Revenues	10,352,969	3,222,758	-	1,166,882	745,747	15,488,356
Interest and Dividends	169,636	-	-	11,643	12,022	193,301
Charges for Services	531,267	-	66,085	-	166,512	763,864
Licenses, Fees and Permits	225,994	-	-	-	-	225,994
Other Revenue	58,060	-	-	-	288,456	346,516
Total Revenues	<u>35,583,917</u>	<u>3,222,758</u>	<u>66,085</u>	<u>1,178,525</u>	<u>1,212,737</u>	<u>41,264,022</u>
Expenditures						
Current:						
General Government	3,017,204	-	-	-	128,155	3,145,359
Library	222,702	-	-	-	-	222,702
Miscellaneous	737,208	-	-	-	-	737,208
Waste Disposal and Recycling	202,950	-	-	-	-	202,950
Public Safety	3,978,996	-	-	-	210,049	4,189,045
Public Works	2,109,140	-	-	-	-	2,109,140
Health	347,259	-	-	-	254,648	601,907
Parks and Recreation	297,528	-	-	-	90,128	387,656
Education	21,327,406	3,222,758	-	-	484,672	25,034,836
Program and Project Expenditures	403,834	-	-	-	-	403,834
Debt Service:						
Principal Retirement	420,000	-	-	125,358	-	545,358
Interest	75,817	-	-	7,395	-	83,212
Capital Outlay	-	-	-	3,246,512	3,600	3,250,112
Total Expenditures	<u>33,140,044</u>	<u>3,222,758</u>	<u>-</u>	<u>3,379,265</u>	<u>1,171,252</u>	<u>40,913,319</u>
Excess/(Deficiency) of Revenues over Expenditures	2,443,873	-	66,085	(2,200,740)	41,485	350,703
Other Financing Sources/(Uses)						
Issuance of Capital Leases	-	-	-	-	-	-
Transfers In	33,065	-	-	1,462,000	-	1,495,065
Transfers Out	(1,462,000)	-	(90,585)	-	-	(1,552,585)
Total Other Financing Sources/(Uses)	<u>(1,428,935)</u>	<u>-</u>	<u>(90,585)</u>	<u>1,462,000</u>	<u>-</u>	<u>(57,520)</u>
Net Change in Fund Balances	1,014,938	-	(24,500)	(738,740)	41,485	293,183
Fund Balances at Beginning of Year	8,107,028	-	(682,286)	2,432,645	2,529,765	12,387,152
Fund Balances at End of Year	<u>\$ 9,121,966</u>	<u>\$ -</u>	<u>\$ (706,786)</u>	<u>\$ 1,693,905</u>	<u>\$ 2,571,250</u>	<u>\$ 12,680,335</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds \$ 293,183

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated over
their estimated useful lives as depreciation expense.

<i>Capital expenditures</i>	3,077,540
<i>Depreciation expense</i>	(1,327,208)

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenue in the funds

<i>Property taxes and interest collected accrual basis change</i>	(17,285)
<i>Sewer assessment and interest revenue accrual basis change</i>	(55,259)

Repayment of debt principal is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the Statement of Net Position.

<i>General obligation bond principal payments</i>	420,000
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Amortization of deferred outflows related to pension and OPEB benefits

717,735

Amortization of deferred inflows related to pension and OPEB benefits

1,072,086

Certain benefits are expended in the funds when resources are used, but
are expensed in the Statement of Activities when the liability is incurred.

<i>Capital leases</i>	125,358
<i>Net Pension Liability</i>	(1,030,538)
<i>Net Pension Liability - MERS</i>	(719,207)
<i>OPEB liability</i>	(385,170)
<i>Claims and judgments</i>	65,349
<i>Compensated Absences</i>	(20,232)

Change in net position of governmental activities \$ 2,216,352

TOWN OF WINCHESTER, CONNECTICUT

Statement of Fund Net Position

Proprietary Funds

June 30, 2020

	Waterworks	Sewer	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,424,169	\$ 815,313	\$ 2,239,482
Rents and Assessments Receivable, Net	134,911	158,143	293,054
Interest Receivable	12,978	13,009	25,987
Accrued Utility Revenue	<u>487,868</u>	<u>409,951</u>	<u>897,819</u>
Total Current Assets	<u>2,059,926</u>	<u>1,396,416</u>	<u>3,456,342</u>
Noncurrent Assets:			
Due from Other Funds	123,295	706,174	829,469
Nondepreciable Capital Assets	168,960	29,635	198,595
Capital Assets, Net of Accumulated Deprecation	<u>12,748,175</u>	<u>12,712,019</u>	<u>25,460,194</u>
Total Noncurrent Assets	<u>13,040,430</u>	<u>13,447,828</u>	<u>26,488,258</u>
Total Assets	<u>\$ 15,100,356</u>	<u>\$ 14,844,244</u>	<u>\$ 29,944,600</u>
Deferred Outflows of Resources			
Unamortized Bond Costs	<u>-</u>	<u>19,716</u>	<u>19,716</u>
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Items	\$ 45,494	\$ 65,479	\$ 110,973
Due to Other Funds	-	360,399	360,399
Current Portion of Long-Term Debt	<u>45,821</u>	<u>226,950</u>	<u>272,771</u>
Total Current Liabilities	<u>91,315</u>	<u>652,828</u>	<u>744,143</u>
Noncurrent Liabilities:			
Compensated Absences	59,800	25,624	85,424
Clean Water Fund Loans	-	203,823	203,823
Bonds Payable	<u>-</u>	<u>156,058</u>	<u>156,058</u>
Total Noncurrent Liabilities	<u>59,800</u>	<u>385,505</u>	<u>445,305</u>
Total Liabilities	<u>151,115</u>	<u>1,038,333</u>	<u>1,189,448</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Net Investment in Capital Assets	12,917,135	12,186,551	25,103,686
Unrestricted	<u>2,032,106</u>	<u>1,639,076</u>	<u>3,671,182</u>
Total Net Position	<u>\$ 14,949,241</u>	<u>\$ 13,825,627</u>	<u>\$ 28,774,868</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 1,867,594	\$ 1,693,702	\$ 3,561,296
Fines, Penalties and Interest	30,362	27,498	57,860
Total Operating Revenues	<u>1,897,956</u>	<u>1,721,200</u>	<u>3,619,156</u>
OPERATING EXPENSES			
Operations	1,094,369	1,012,521	2,106,890
Maintenance	7,534	99,892	107,426
Depreciation Expense	476,924	654,286	1,131,210
Administration	175,075	181,464	356,539
Total Operating Expenses	<u>1,753,902</u>	<u>1,948,163</u>	<u>3,702,065</u>
Operating Income/(Loss)	144,054	(226,963)	(82,909)
NONOPERATING EXPENSES			
Interest Income	7,694	7,685	15,379
Interest Expense	-	(30,194)	(30,194)
Total Nonoperating Expenses	<u>7,694</u>	<u>(22,509)</u>	<u>(14,815)</u>
Income/(Loss) before Transfers, and Other Changes	<u>151,748</u>	<u>(249,472)</u>	<u>(97,724)</u>
Transfers:			
Transfers In	8,812	90,585	99,397
Transfers Out	-	(41,877)	(41,877)
Total Transfers	<u>8,812</u>	<u>48,708</u>	<u>57,520</u>
Change in Net Position	160,560	(200,764)	(40,204)
Net Position - Beginning of Year	<u>14,788,681</u>	<u>14,026,391</u>	<u>28,815,072</u>
Net Position - End of Year	<u>\$ 14,949,241</u>	<u>\$ 13,825,627</u>	<u>\$ 28,774,868</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2020

	Waterworks	Sewer	Total
Cash Flows from Operating Activities:			
Receipts from Customers and Users	\$ 1,822,711	\$ 1,627,739	\$ 3,450,450
Receipts from Interfund Services	10,960	10,960	21,920
Payments to Employees	(160,216)	(170,620)	(330,836)
Payments to Suppliers	<u>(1,115,735)</u>	<u>(1,148,496)</u>	<u>(2,264,231)</u>
Net Cash Provided by Operating Activities	<u>557,720</u>	<u>319,583</u>	<u>877,303</u>
Cash Flows from Noncapital Financing Activities:			
Advance/(Repayment) from General Fund	30,695	(54,288)	(23,593)
Advance/(Repayment) from Sewer Assessments	-	(24,799)	(24,799)
Advance/(Repayment) from Proprietary Funds	<u>(13,708)</u>	<u>13,708</u>	<u>-</u>
Net Cash Used by Noncapital Financing Activities	<u>16,987</u>	<u>(65,379)</u>	<u>(48,392)</u>
Cash Flows from Capital and Related Financing Activities:			
Principal Payments on Bonds Payable	-	(155,000)	(155,000)
Principal Payments on Clean Water Fund Loans	-	(33,488)	(33,488)
Principal Payments on General Fund Bonds Payable	-	(28,000)	(28,000)
Purchase of Capital Assets	(219,420)	(153,285)	(372,705)
Transfer (to)/from Water/Sewer for Capital Additions	8,812	(8,812)	-
Interest Paid on Bonds Payable and Clean Water Fund Loans	-	(31,459)	(31,459)
Highland Lake Assessments	<u>-</u>	<u>90,585</u>	<u>90,585</u>
Net Cash Used by Capital and Related Financing Activities	<u>(210,608)</u>	<u>(319,459)</u>	<u>(530,067)</u>
Cash Flows from Investing Activities:			
Interest Income	<u>7,694</u>	<u>7,685</u>	<u>15,379</u>
Net Cash Provided by Investing Activities	<u>7,694</u>	<u>7,685</u>	<u>15,379</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	371,793	(57,570)	314,223
Cash and Cash Equivalents at Beginning of Year	<u>1,052,376</u>	<u>872,883</u>	<u>1,925,259</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,424,169</u>	<u>\$ 815,313</u>	<u>\$ 2,239,482</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	<u>\$ 144,054</u>	<u>\$ (226,963)</u>	<u>\$ (82,909)</u>
Adjustments to Reconcile Income to Net Cash Provided by Operating Activities:			
Depreciation	476,924	654,286	1,131,210
Change in Assets and Liabilities:			
(Increase) Decrease in Rents Receivable	(40,804)	(60,691)	(101,495)
(Increase) Decrease in Interest Receivable	(1,307)	(2,326)	(3,633)
(Increase) Decrease in Accrued Utility Revenue	(22,174)	(19,484)	(41,658)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(13,832)	(36,083)	(49,915)
Increase (Decrease) in Accrued Vacation and Sick Leave Benefits	<u>14,859</u>	<u>10,844</u>	<u>25,703</u>
Total Adjustments	<u>413,666</u>	<u>546,546</u>	<u>960,212</u>
Net Cash Provided by Operating Activities	<u>\$ 557,720</u>	<u>\$ 319,583</u>	<u>\$ 877,303</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Statement of Fiduciary Net Position

June 30, 2020

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ 201,475
Investments, at Fair Value:		
Short-Term Investments	1,135	-
Mutual Funds	<u>8,631,551</u>	<u>-</u>
Total Investments, at Fair Value	<u>8,632,686</u>	<u>-</u>
Accrued Income	<u>7,328</u>	<u>-</u>
Total Assets	<u>\$ 8,640,014</u>	<u>\$ 201,475</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Liabilities		
Fiduciary Deposits	<u>\$ -</u>	<u>\$ 201,475</u>
Total Liabilities	<u>-</u>	<u>\$ 201,475</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position		
Restricted for Pension Benefits	<u>\$ 8,640,014</u>	

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2020

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 614,795
Plan Members	<u>77,769</u>
Total Contributions	<u>692,564</u>
Investment Income:	
Net Appreciation/(Depreciation) in Fair Value of Investments	(213,285)
Interest and Dividends	<u>337,605</u>
Total Investment Income	<u>124,320</u>
Total Additions	<u>816,884</u>
Deductions	
Benefits	939,446
Administrative expenses	<u>54,814</u>
Total Deductions	<u>994,260</u>
Change in Net Position	(177,376)
Net Position at Beginning of Year	<u>8,817,390</u>
Net Position at End of Year	<u><u>\$ 8,640,014</u></u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Winchester, Connecticut, was incorporated in 1771. The Town operates under a Selectmen-Town Manager form of government and provides the following services as authorized by its charter: public safety, public works, health, welfare, parks, recreation, and elementary and secondary education. The financial statements include all of the funds of the Town that meet the criteria for inclusion as set forth in Statement of Governmental Accounting Standards No. 14 issued by the Governmental Accounting Standards Board (GASB).

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

The Winchester Housing Authority (the Authority) has been determined to be a related organization of the Town of Winchester, Connecticut, as the governing body of the Authority is appointed by the Town. The Authority is not included in this report, as the Town is not obligated to finance any deficit that the authority may incur, nor does the Town significantly subsidize the Authority; the Town obtains no financial benefit, nor can it impose its will upon the Authority.

Basis of Presentation

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

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 statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, with the exception of the agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. 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 fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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.

The Town reports the following major governmental funds:

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

The *Federal and State Education Grants Fund* is to account for revenues and expenditures of various education grants.

The *Sewer Assessment Fund* is used to account for the sewer assessment revenues and expenditures related to the Highland Lake sewer project.

The *Capital Improvements Fund* is used to account for various long-term capital projects.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

The Town reports the following major proprietary funds:

The *Waterworks Fund* is used to account for the financial operations of the Winsted Waterworks. All necessary activities to provide such services are included in this fund, including, but not limited to, administration, operations, maintenance, financing and billing and collection. The Water and Sewer Commission, as empowered by the Town Charter, oversees the operation of the Winsted Waterworks.

The *Sewer Fund* is used to account for the financial operations of the Town's sewer utility. All activities necessary to provide such services are included in this fund, including, but not limited to, administration, operations, maintenance, financing and billing and collection. Authority over the operations of the Sewer Fund is with the Water and Sewer Commission.

Additionally, the Town reports the following fund types:

The *Pension Trust Fund* is used to account for the activities of the Town's defined benefit plan which accumulates resources for pension benefit payments to qualified employees.

The *Agency Funds* account for monies held by the Town as a custodian for outside student and municipal groups.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Cash Equivalents - The deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds that may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value and have maturities of three months or less. This definition also applies to the proprietary statement of cash flows.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Other trust funds may also invest in stocks, bonds, or other securities selected by the Trustee.

The Short-Term Investment Fund ("STIF") is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). The pool is overseen by the Office of the State Treasurer. The pool is rated AAAM by S & P Global Ratings. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool. The fair value of the position in the pool is the same as the value of the pool shares.

Fair Value of Financial Instruments

In accordance with GASB Statement No. 72, the Town is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the assets or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Investments are carried at fair value based on Level 1 observable inputs and are presented in Note 3.

Inventories - 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.

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.

Capital Assets - Capital assets, which include property, plant and equipment and infrastructure, are reported in the applicable governmental or business-type 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 \$5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment and infrastructure of the Town are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings, Structures and Improvements	50
Equipment	7-15
Distribution reservoirs and standpipes	50
Infrastructure	7-100

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial 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 that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town reports the deferred charge on refunding in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Town also reports increases of Deferred Pension Expense in this category. Deferred pension expense results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense 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 and inactive employees).

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

In addition to liabilities, the statement of financial 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. The Town reports decreases of Deferred Pension Expense in this category. Deferred pension expense results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense 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 and inactive employees). 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 sewer assessments. These amounts are deferred and recognized as an inflow of resources in the period during which the amounts become available.

Long-Term Obligations - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 issuance are reported as other financing sources, and discounts are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds, are reported as debt service expenditures.

Compensated Absences - A limited amount of vacation earned may be accumulated by employees until termination of their employment, at which time they are paid for accumulated vacation. Sick leave may be accumulated by employees in accordance with union contracts until retirement, termination or death, at which time they are paid for a percentage of their accumulated sick leave.

All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Fund Equity and Net Position – 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 category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Town, which is not restricted for any project or other purpose.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The equity of the fund financial statements is defined as "fund balance" and is classified in the following five separate categories:

Nonspendable Fund Balance - Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including prepaid expenditures and permanent fund principal.

Restricted Fund Balance - Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal budgetary action of the Board of Selectman and Town Meeting in accordance with provisions of the Connecticut General Statutes.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Winchester Board of Selectmen or department head as specified in the Town Charter.

Unassigned Fund Balance - Represents the remaining fund balance after amounts are set aside for all other classifications. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

The Town has not established a formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance; however, the Town generally used restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

The Town has not formally enacted legislation or Board policies establishing stabilization funds.

The Town's Policy on Fund Balance is to maintain an unassigned General Fund Balance of at least ten percent of current General Fund expenditures. At June 30, 2020, the unassigned General Fund Balance represented 22.7% of the 2020 General Fund budget basis expenditures. See page 71 for budget basis data.

Property Taxes

The Town's property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property, motor vehicles and commercial personal property located in the Town. Assessed values are established by the Town Assessment Board at 70% of estimated market value. A physical revaluation of all real property is required to be completed every ten years, and a statistical revaluation is required to be completed every five years. The Town had a revaluation of its property as of October 1, 2017. The Town's property tax is levied each June on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. A mill rate was applied to the Grand List. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. Liens are placed on delinquent accounts in June following the levy date.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Taxes are due in two equal installments on the July 1 and January 1 following the levy date, although a 30-day grace period is provided. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are authorized annually by the Board of Selectmen.

Program budgets are established for funds not budgeted normally. The procedures establishing the budgetary data reflected in the financial statements are as follows:

- Prior to March 16, the Town Manager submits to the Board of Selectmen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at locations throughout the Town to obtain taxpayer comments.
- The budget is reviewed at the annual Town budget meeting and sent to referendum for enactment by vote of the general public.
- Upon request of the Town Manager, but only within the last three months of the fiscal year, only the Board of Selectmen may, by resolution, transfer any unencumbered appropriation, balance or portion thereof from one department, commission, board or office to another. Management cannot amend the budget.
- The control level on which expenditures may not legally exceed appropriations is the departmental level. The Board of Selectman must approve transfers within a department. Unencumbered appropriations lapse at the close of the fiscal year, except for those appropriations which are made for capital improvements.

The budgets are prepared on a modified-accrual basis of accounting except for encumbrances. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year.

Budgeted amounts are as originally adopted, or as amended by the Board of Selectmen. There were no additional appropriations for the year ended June 30, 2020.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

NOTE 3 – DETAILED NOTES ON ALL FUNDS

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

The following is a summary of cash and cash equivalents at June 30, 2020:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash	\$ 6,171,822	\$ 2,239,482	\$ 201,475	\$ 8,612,779
Cash Equivalents	7,196,174	-	-	7,196,174
Total	\$ 13,367,996	\$ 2,239,482	\$ 201,475	\$ 15,808,953

Custodial Credit Risk - Deposits: 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’s custodial credit risk policy is to only use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk-based capital ratio. The following is a reconciliation of the Town’s deposits subject to custodial credit risk:

Cash and Cash Equivalents	\$ 15,808,953
Less: Cash Equivalents (STIF)	(7,196,174)
	\$ 8,612,779

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$8,612,779 and the bank balance was \$9,259,009. Of the bank balance, Federal Depository Insurance Corporation insured \$4,363,090.

As of June 30, 2020, \$4,895,919 of the Town’s bank balance of \$9,259,009 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,331,327
Uninsured and collateral held by pledging bank’s Trust department not in the Town’s name	564,592
Total	\$ 4,895,919

Cash Equivalents

At June 30, 2020, the Town’s cash equivalents (Short-Term Investment Fund “STIF”) amounted to \$7,196,174. STIF is rated AAAM by S & P Global Ratings and has an average maturity of under 60 days.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Investments

As of June 30, 2020, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Amount</u>	<u>Investment Maturities (Years)</u>			
			<u>Not Applicable</u>	<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
Short-Term Investments	N/A	\$ 1,135	\$ -	\$ 1,135	\$ -	\$ -
Mutual Funds	N/A	8,631,551	8,631,551	-	-	-
Total Investments		<u>\$ 8,632,686</u>	<u>\$ 8,631,551</u>	<u>\$ 1,135</u>	<u>\$ -</u>	<u>\$ -</u>

N/A - Not Applicable

The Short-Term Investments and Mutual Funds are reported in the Pension Trust Fund.

The following is a summary of assets measured at fair value:

<u>Description</u>	<u>June 30, 2020</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Short-Term Investments	\$ 1,135	\$ 1,135	\$ -	\$ -
Mutual Funds	8,631,551	8,631,551	-	-
Total	<u>\$ 8,632,686</u>	<u>\$ 8,632,686</u>	<u>\$ -</u>	<u>\$ -</u>

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.

Credit Risk-Investments- The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Concentration of Credit Risk- The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Receivables

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

	<u>General Fund</u>	<u>Federal and State Education Grants Fund</u>	<u>Sewer Assessment</u>	<u>Capital Improvements Fund</u>	<u>Waterworks</u>	<u>Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Property taxes	\$ 597,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 597,480
Interest, Liens, and Fees	136,143	-	7,315	-	12,978	13,009	-	169,445
Sewer assessment	-	-	157,887	-	-	-	-	157,887
Intergovernmental	-	75,562	-	304,259	-	-	221,109	600,930
Loans *	-	-	-	-	-	-	1,211,284	1,211,284
Rents and assessments	-	-	-	-	150,817	166,348	-	317,165
Accounts	214,838	-	-	-	-	-	-	214,838
Gross receivables	<u>948,461</u>	<u>75,562</u>	<u>165,202</u>	<u>304,259</u>	<u>163,795</u>	<u>179,357</u>	<u>1,432,393</u>	<u>3,269,029</u>
Less allowance for uncollectibles:								
Property taxes	(37,000)	-	-	-	-	-	-	(37,000)
Interest, Liens, and Fees	(14,000)	-	-	-	-	-	-	(14,000)
Rents and assessments	-	-	-	-	(15,906)	(8,205)	-	(24,111)
Total allowance	<u>(51,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,906)</u>	<u>(8,205)</u>	<u>-</u>	<u>(75,111)</u>
Net Total Receivables	<u>\$ 897,461</u>	<u>\$ 75,562</u>	<u>\$ 165,202</u>	<u>\$ 304,259</u>	<u>\$ 147,889</u>	<u>\$ 171,152</u>	<u>\$ 1,432,393</u>	<u>\$ 3,193,918</u>

* Not expected to be collected within one year.

Governmental funds report unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 494,901	\$ -
Delinquent interest, liens, fees receivable	109,312	-
Education Grants Fund:		
Unexpended Grant Receipts	-	375,177
Sewer Assessment:		
Assessments receivable not yet due	157,887	-
Delinquent interest, liens, fees receivable	<u>7,315</u>	<u>-</u>
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 769,415</u>	<u>\$ 375,177</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases & Adjustments</u>	<u>Ending Balances</u>
<i>Governmental Activities:</i>				
Capital assets, not being depreciated				
Land	\$ 25,839,045	\$ -	\$ -	\$ 25,839,045
Construction in Progress	1,056,112	606,913	(710,832)	952,193
Total capital assets, not being depreciated	<u>26,895,157</u>	<u>606,913</u>	<u>(710,832)</u>	<u>26,791,238</u>
Capital assets, being depreciated				
Buildings	5,180,411	393,335	-	5,573,746
Improvements	3,902,586	24,753	-	3,927,339
Machinery & Equipment	10,344,869	424,810	(56,999)	10,712,680
Infrastructure	30,029,044	2,338,561	-	32,367,605
Total capital assets, being depreciated	<u>49,456,910</u>	<u>3,181,459</u>	<u>(56,999)</u>	<u>52,581,370</u>
Less accumulated depreciation for:				
Buildings	3,355,347	60,606	-	3,415,953
Improvements	1,483,279	94,316	-	1,577,595
Machinery & Equipment	7,014,649	431,303	(56,999)	7,388,953
Infrastructure	20,026,698	740,983	-	20,767,681
Total accumulated depreciation, net	<u>31,879,973</u>	<u>1,327,208</u>	<u>(56,999)</u>	<u>33,150,182</u>
Total capital assets, being depreciated	<u>17,576,937</u>	<u>1,854,251</u>	<u>-</u>	<u>19,431,188</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 44,472,094</u>	<u>\$ 2,461,164</u>	<u>\$ (710,832)</u>	<u>\$ 46,222,426</u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated				
Land	\$ 92,847	\$ -	\$ (7,371)	\$ 85,476
Construction in Progress	85,840	84,206	(56,927)	113,119
Total capital assets, not being depreciated	<u>178,687</u>	<u>84,206</u>	<u>(64,298)</u>	<u>198,595</u>
Capital assets, being depreciated				
Buildings	35,540,811	-	-	35,540,811
Improvements	3,012,252	16,348	-	3,028,600
Machinery & Equipment	5,961,797	103,434	(6,729)	6,058,502
Infrastructure	16,232,615	225,644	-	16,458,259
Total capital assets, being depreciated	<u>60,747,475</u>	<u>345,426</u>	<u>(6,729)</u>	<u>61,086,172</u>
Less accumulated depreciation for:				
Buildings	19,059,985	710,817	-	19,770,802
Improvements	1,693,725	59,561	-	1,753,286
Machinery & Equipment	5,682,883	43,616	(14,100)	5,712,399
Infrastructure	8,072,275	317,216	-	8,389,491
Total accumulated depreciation	<u>34,508,868</u>	<u>1,131,210</u>	<u>(14,100)</u>	<u>35,625,978</u>
Total capital assets, being depreciated, net	<u>26,238,607</u>	<u>(785,784)</u>	<u>7,371</u>	<u>25,460,194</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 26,417,294</u>	<u>\$ (701,578)</u>	<u>\$ (56,927)</u>	<u>\$ 25,658,789</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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

Governmental activities:	
General Government	\$ 163,574
Public Safety	191,467
Public Works	875,942
Education	66,676
Parks and Recreation	<u>29,549</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 1,327,208</u>
Business-type activities	
Waterworks	\$ 476,924
Sewer	<u>654,286</u>
Total Depreciation Expense	
Business-Type Activities	<u>\$ 1,131,210</u>

Construction Commitments

The Town has several active construction projects as of June 30, 2020. At year-end, the Town's commitments are as follows:

	Spent to Date	Remaining Commitment
	<u> </u>	<u> </u>
Sucker Brook Road Bridge	\$ 877,855	\$ 23,000
Lanson Drive Culvert	745,963	85,000
Sanitation Pump 8	106,832	41,832
Mary P. Hinsdale School Renovation	200,624	420,000
Overlook Road Reconstruction	<u>-</u>	<u>445,000</u>
	<u>\$ 1,931,274</u>	<u>\$ 1,014,832</u>

In October 2017, the Town signed a contract with the State of Connecticut to rehabilitate the Sucker Brook Road Bridge at an estimated cost of \$1,687,500, 20 percent of which the Town is responsible. During fiscal year 2020 the estimated cost was revised to \$900,000, with the Town still responsible for 20 percent. At June 30, 2020, \$320,000 had been appropriated in the Capital Improvements Fund toward this project.

In June 2019, the Town signed a contract with the State of Connecticut to rehabilitate the Lanson Drive Culvert at an estimated cost of \$1,000,605, 51 percent of which the Town is responsible. The estimated cost of this project was revised to \$830,000 during fiscal year 2020, with the Town still responsible for 51 percent. At June 30, 2020, \$445,000 had been appropriated in the Capital Improvements Fund toward this project.

The Town's Water and Sewer Commission authorized reconstruction of Sanitation Pump Station 8 during fiscal year 2020 at an estimated cost of \$200,000. At June 30, 2020 the Sewer Fund has appropriated \$45,000 to complete this project.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

The Town began architectural planning for the Hinsdale School renovation project authorized by referendum in September 2019. The plans must be approved by the State Department of Education before the bid process begins.

Total reconstruction of Overlook Road began in Spring 2020 at an estimated cost of \$445,000. The Town has a fiscal year 2021 appropriation of \$445,000 in the Capital Improvements Fund.

Interfund Transfers, Receivables, and Payables

<u>Transfer to:</u>	<u>Transfer from:</u>			
	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Sewer Assessments</u>	<u>Total</u>
General Fund	\$ -	\$ 33,065	\$ -	\$ 33,065
Capital Improvements Fund	1,462,000	-	-	1,462,000
Sewer Fund	-	-	90,585	90,585
Water Fund	-	8,812	-	8,812
	<u>\$ 1,462,000</u>	<u>\$ 41,877</u>	<u>\$ 90,585</u>	<u>\$ 1,594,462</u>

Transfers are used to account for the financing by the General Fund of various programs and activities in other funds and bond payments in the Sewer Fund paid from sewer assessments.

Interfund receivables and payables are a result of temporary loans and/or advances to various funds. A portion of the amounts due to the General Fund from the Sewer Fund, and the amount due from Sewer Assessments to the Sewer Fund, are not expected to be repaid within one year. The composition of interfund balances as of June 30, 2020 is as follows:

<u>Due From:</u>	<u>Due To:</u>						
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Capital Improvements Fund</u>	<u>Federal and State Education Grants Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 255,339	\$ 813,417	\$ 299,615	\$ 38,098	\$ -	\$ 1,406,469
Nonmajor Funds	20,748	-	-	-	-	-	20,748
Sewer Assessments	-	-	-	-	-	706,174	706,174
Sewer Fund	275,202	-	-	-	85,197	-	360,399
	<u>\$ 295,950</u>	<u>\$ 255,339</u>	<u>\$ 813,417</u>	<u>\$ 299,615</u>	<u>\$ 123,295</u>	<u>\$ 706,174</u>	<u>\$ 2,493,790</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Long-Term Debt

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 2,096,000	\$ -	\$ 420,000	\$ 1,676,000	\$ 420,000
Capital leases	254,374	-	125,358	129,016	129,016
Compensated absences	976,787	46,966	26,734	997,019	259,020
Heart and hypertension	857,261	-	65,349	791,912	65,327
Net Pension Liability	4,406,308	1,030,538	-	5,436,846	-
Net Pension Liability-MERS	2,685,922	719,207	-	3,405,129	-
OPEB liability	2,464,331	385,170	-	2,849,501	-
Total Governmental Activities Long-Term Liabilities	\$ 13,740,983	\$ 2,181,881	\$ 637,441	\$ 15,285,423	\$ 873,363
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 460,000	\$ -	\$ 155,000	\$ 305,000	\$ 155,000
Plus deferred amounts:					
Issuance premiums on refunding	18,174	-	6,058	12,116	6,058
Total bonds payable	478,174	-	161,058	317,116	161,058
Clean water fund loans	271,475	-	33,488	237,987	34,164
Compensated absences	137,270	25,703	-	162,973	77,549
Total Business-Type Activities Long-Term Liabilities	\$ 886,919	\$ 25,703	\$ 194,546	\$ 718,076	\$ 272,771

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have also been issued for business-type activities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. General obligation bonds currently outstanding are as follows:

Description	Date of Issue	Original Issue	Interest Rate	Date of Maturity	Annual Principal	Principal Outstanding June 30, 2020
General Purposes:						
Public Improvements	8/14/2008	6,316,000	4.02%	8/15/2023	\$ 416,000 - 425,000	\$ 1,676,000
Water and Sewer:						
General refunding	8/15/2002	6,290,000	2-5%	6/1/2022	150,000 - 490,000	<u>305,000</u>
						<u>\$ 1,981,000</u>

All bonds are general obligation bonds secured by the general revenue raising powers of the Town, and payment will be provided by General Fund revenues, except for proprietary fund type bonds, which are expected to be paid from the receipts of the related fund, and Highland Lake Sewer Fund Bonds, which are expected to be paid by revenues of the Sewer Assessment Fund.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 420,000	\$ 58,933	\$ 155,000	\$ 16,813
2022	420,000	42,049	150,000	7,125
2023	420,000	25,165	-	-
2024	<u>416,000</u>	<u>8,362</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,676,000</u>	<u>\$ 134,509</u>	<u>\$ 305,000</u>	<u>\$ 23,938</u>

Clean Water Fund Notes

The Town is currently participating in a capital project (Wastewater Design Project) under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for "eligible water quality project costs." The notes were converted to permanent financing on January 31, 2008, and the balance as of June 30, 2020, was \$237,987. The notes carry an interest rate of 2%.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Project loan obligations payable to the State of Connecticut mature as follows:

Year <u>Ending</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 34,164	\$ 4,448
2022	34,854	3,758
2023	35,558	3,055
2024	36,275	2,337
2025	37,007	1,605
2026-2027	<u>60,129</u>	<u>1,008</u>
Total	<u>\$ 237,987</u>	<u>\$ 16,211</u>

Clean Water Fund notes will be repaid by sewer user fees.

Capital Leases

The Town has entered into lease agreements as lessee for financing the acquisition of police vehicles and public works equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 552,200
Less accumulated depreciation	<u>(155,179)</u>
Total	<u>\$ 397,021</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

	<u>Governmental Activities</u>
Year ending June 30:	
2021	\$ 132,753
Less amount representing interest	<u>(3,737)</u>
Total	<u>\$ 129,016</u>

Bonds Authorized and Unissued

At June 30, 2020 there was \$17,109,925 authorized and unissued bonds for costs related to the renovations, improvements, and additions to the Mary P. Hinsdale Elementary School.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

NOTE 4 - FUND BALANCE ASSIGNMENTS

The components of fund balance for the governmental funds at June 30, 2020 are as follows:

	General Fund	Sewer Assessment Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total
Fund balances:					
Nonspendable:					
Winchester Memorial Park Fund	\$ -	\$ -	\$ -	\$ 8,300	\$ 8,300
Jane A Nisbet Fund	-	-	-	250	250
Town Park Fund	-	-	-	6,911	6,911
Forest View Cemetery Fund	-	-	-	138,267	138,267
Winchester Center Cemetery Fund	-	-	-	33,648	33,648
Total Nonspendable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,376</u>	<u>\$ 187,376</u>
Restricted for:					
Small Cities	\$ -	\$ -	\$ -	\$ 1,310,371	\$ 1,310,371
Brownfields Pilot Program	-	-	-	156,827	156,827
Elderly Enrichment Part I Fund	-	-	-	10,914	10,914
Cemetery Association Trust Fund	-	-	-	669	669
Soldiers Monument Restoration Fund	-	-	-	48,421	48,421
Anti Blight Fund	-	-	-	148,053	148,053
Winchester Memorial Park Fund	-	-	-	6,056	6,056
Champs Fund	-	-	-	64,191	64,191
Grants & Donations Fund	-	-	-	184,888	184,888
Winchester School Trust Fund	-	-	-	90,880	90,880
Forest View Cemetery Fund	-	-	-	4,337	4,337
Winchester Center Cemetery Fund	-	-	-	5,810	5,810
Winchester Bond Sinking Fund	-	-	-	18	18
Forest View Cemetery Chapel Trust	-	-	-	630	630
Crippled Children Trust Fund	-	-	-	445	445
Jane A Nisbet Fund	-	-	-	7,534	7,534
Town Park Fund	-	-	-	101,866	101,866
Beverly Passbook Fund	-	-	-	8,652	8,652
Total Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,150,562</u>	<u>\$ 2,150,562</u>
Committed to:					
Industrial Park #2 Fund	\$ -	\$ -	\$ -	\$ 231,042	\$ 231,042
Cafeteria Fund	-	-	-	1,411	1,411
City Sidewalks Fund	-	-	-	859	859
Education	495,845	-	-	-	495,845
Capital Improvements	1,316,601	-	1,693,905	-	3,010,506
Total Committed	<u>\$ 1,812,446</u>	<u>\$ -</u>	<u>\$ 1,693,905</u>	<u>\$ 233,312</u>	<u>\$ 3,739,663</u>
Assigned - General Government	<u>\$ 124,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,697</u>
Unassigned	<u>\$ 7,184,823</u>	<u>\$ (706,786)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,478,037</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

NOTE 5 - EMPLOYEE RETIREMENT PLANS

Defined Contribution Plan

As of July 1, 2014, non-union employees and newly hired union positions are eligible to participate in a Defined Contribution retirement plan administered by the Town. The deferred compensation plan currently has 22 participants enrolled in the plan. The Town will match employee contributions up to 6% of eligible compensation. The total expense to the Town for the year ended June 30, 2020 was \$43,381. Contributions are made to accounts in the participant's name, there are no assets accumulated in a trust that meets the criteria in GASB Statement No. 73, paragraph 4.

Defined Benefit Pension Plan

Plan Description - The Town of Winchester is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Town to provide pension benefits for its municipal employees. The Plan provides retirement, death, and disability benefits to plan members and beneficiaries. The PERS is considered to be part of the Town of Winchester's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The plan does not issue a stand-alone financial report. The Retirement Administration Board has the authority to make rules and regulations for the administration of the plan. The Board consists of the Town Manager, two citizens at large, and two non-supervisory employees of the Town appointed by the Board of Selectmen. The Town manager's seat is ex-officio (non-voting).

Classes of Employees Covered and Current Membership – Supervisors hired prior to December 20, 2012, Public Works employees hired prior to December 1, 2014, Secretaries/Administrators hired prior to December 4, 2014, and Dispatchers hired prior to December 11, 2015 (except Police Officers covered by CMERS, those covered by the State of Connecticut Teachers Retirement System, and alternative funding source employees) at least 21 years of age and having six months of service are eligible. One year of credited service is earned for each calendar year during which 1,000 hours is worked. Current membership consists of the following:

Active plan members	28
Inactive plan members or beneficiaries receiving benefits	54
Inactive plan members entitled to but not yet receiving benefits	<u>9</u>
Total plan participants	<u>91</u>

Benefits Provided - Employees are 100% vested after five years of continuous service as long as their contributions remain in the fund upon termination. Employees who retire at the normal retirement age 65 or 5 years of service (age 55 or 10 years of services for BOE members); or upon meeting the rule of 75 (age plus years of service = 75) receive a retirement benefit for life of 2% times years of credited service (maximum of 25 years for BOE; 35 years for all other employees) of the average of the three highest consecutive years of compensation out of the last 10 years prior to retirement. No cost of living adjustments are included. Members can withdraw or discontinue their contributions at any time during their service with the Town. They can re-join the plan after one year from the date the participant elected to withdraw or discontinue their contributions. Members' contributions are also returnable on termination or upon death while active. The balance of contributions is returnable after retirement (less any benefits paid) provided in each case that no death benefits are otherwise paid.

Contributions - The contribution requirements of the Town are established and may be amended by the Board of Selectmen, as suggested by the actuarial valuations. The actuarial method used to develop the annual funding percentage for all benefits is the Entry Age Normal Actuarial Cost Method. The Town currently contributes at the actuarially determined rate; the current rate is 36.33% of annual covered payroll. Plan participants from the Board of Education are required to contribute 2.5% of their earnings up to the Social Security base and 5% of earnings over the Social Security base. All others must contribute 5% of earnings. Costs to administer the plan are paid by the Pension Trust Fund and

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

are included in the actuarially determined contribution. Investment management fees are also paid out of the Pension Trust Fund.

Summary of Significant Accounting Policies

Basis of Accounting - The Town of Winchester Pension Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the plan and additions/deductions to/from the Town's fiduciary net position have been determined on the same basis as they are reported by the Town's Pension Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Investment Policy – The Pension Plan's policy in regards to the allocation of invested assets is established and may be amended by the Retirement Administration Board. It is the policy of the Town's 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.

Method Used to Value Investments - All funds are invested at Morgan Stanley and administered through First State Trust Company, and are reported at fair value. Investment income is recognized as earned.

There were no investments that represented 5% or more of the pension plan's fiduciary net position.

Money-weighted Rate of Return – For the year ended June 30, 2020 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 0.88 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Currently there is no Deferred Retirement Option Plan.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2020, were as follows:

Schedule of Net Pension Liability	
	2020
Total pension liability	\$ 14,076,860
Plan fiduciary net position	8,640,014
Net pension liability (asset)	\$ 5,436,846
Plan fiduciary net position as a percentage of total pension liability	61.38%
Covered payroll	1,692,050
Net pension liability as a % of covered payroll	321.32%

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Actuarial Methods and Assumptions - The annual required contribution for the current year was determined as part of the January 1, 2019 actuarial valuation using the entry age normal actuarial cost method. The funding policy consists of two parts, normal cost plus an amortization of the plan's Unfunded Actuarial Liability. For the January 1, 2020 valuation, a closed amortization period of 19 years was used. Significant actuarial assumptions used include: (1) rate of return on investments of 6.75% per year, (2) projected salary increases of 3.00% per year, and (3) a normal retirement age at the later of age 65 or 5 years of service. The unfunded actuarial accrued liability is being amortized over 19 years. Mortality was based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Table projected to valuation date with Scale MP-2019. An expenses study has not been performed.

Discount Rate – The long-term expected rate of return on investments may be used to discount liabilities to the extent that the plan's fiduciary net position and future contributions are projected to be sufficient to cover expected benefit payments and administrative expenses for current plan members. Projections of the plan's fiduciary net position incorporate all cash flows for contributions from the employer and employee and administrative expenses. Professional judgment should be applied to the projections of contributions in circumstances where a) contributions amounts are established by statute or contract or b) a formal written policy exists. Consideration should also be given to the most recent five-year contribution history as key indicators of future contributions. It should not include cash flows for future plan members.

If the amount of the plan's fiduciary net position is projected to be greater than or equal to the benefit payments and administrative expenses made in that period, the actuarial present value of payments should be discounted using the long-term expected rate of return on those investments. A 20-year, high quality (AA/Aa or higher), tax-exempt municipal bond yield or index rate must be used to discount benefit payments for periods where the fiduciary net position is not projected to cover the expected benefit payments and administrative expenses.

Plans that are projected to have a sufficient fiduciary net position indefinitely will use the long-term expected return on investments to determine liabilities but will have to substantiate their projected solvency. Plans that are projected to not have a sufficient fiduciary net position (i.e., assets are not sufficient to cover future benefit payments and administrative expenses) will be required to use a blended single equivalent discount rate, which may be significantly lower than the long-term expected rate of return on investments and will result in higher liabilities. GASB permits alternative methods to evaluate sufficiency of the plan's fiduciary net position. Based on the plan's current net pension liability and current contribution policy, the plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, we have used the 6.75% interest rate assumption to discount plan liabilities.

	<u>Current Discount Rate</u>	<u>1% Decrease Discount Rate</u>	<u>1% Increase Discount Rate</u>
	6.75%	5.75%	7.75%
Net pension liability as of June 30, 2020	\$5,436,846	\$6,809,182	\$4,253,921

Valuation Date and Roll Forward Process – The plan used the January 1, 2019 valuation to calculate the Actuarially Determined Employer Contribution for fiscal year ending June 30, 2020. The January 1, 2020 Total Pension Liability was increased by service cost, interest, and decreased by benefit payments to estimate the Total Pension Liability as of June 30, 2020. The Total Pension Liability as of June 30, 2020 was also adjusted to reflect any material plan changes after the valuation.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

Target Allocation and Expected Rate of Return
June 30, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>	<u>Weighting</u>
U.S. Large Cap	20.00%	2.80%	0.56%
U.S. Mid Cap	9.00%	4.40%	0.40%
U.S. Small Cap	6.00%	4.40%	0.26%
International-Developed	10.00%	5.10%	0.51%
Emerging Markets	7.00%	5.90%	0.41%
Domestic Government Fixed	10.00%	-0.30%	-0.03%
Global High Yield	5.00%	1.00%	0.05%
International Fixed	5.00%	-2.60%	-0.13%
Global Inflation Adjusted	5.00%	-0.30%	-0.02%
Real Estate	5.00%	5.70%	0.29%
Hedge Strategy	10.00%	2.90%	0.29%
Commodities	5.00%	-0.40%	-0.02%
Cash	3.00%	-0.70%	-0.02%
	<u>100.00%</u>		<u>2.55%</u>
Long-Term Inflation Expectation			<u>2.60%</u>
Long-Term Expected Nominal Return			<u>5.15%</u>

* Long-term returns are provided by Morgan Stanley. The returns are geometric means.

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 are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. An expected rate of return of 6.75% was used.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	Balance at June 30, 2019	\$ 13,223,698	\$ 8,817,390
Changes for the year:			
Service Cost	210,086	-	210,086
Interest	908,041	-	908,041
Differences Between Expected and Actual Experience	7,127	-	7,127
Changes in Assumptions	667,354	-	667,354
Employer Contributions	-	614,795	(614,795)
Member Contributions	-	77,769	(77,769)
Net Investment Income	-	75,518	(75,518)
Benefit Payments	(939,446)	(939,446)	-
Administrative Expenses	-	(6,012)	6,012
Net Changes	853,162	(177,376)	1,030,538
Balance at June 30, 2020	\$ 14,076,860	\$ 8,640,014	\$ 5,436,846
Plan fiduciary net position as a percentage of the total pension liability			61.38%
Covered Payroll			\$ 1,692,050
Net pension liability as a percentage of covered payroll			321.32%

For the year ended June 30, 2020, the Town recognized pension expense (gain) of \$334,887. As of June 30, 2020, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town contributions subsequent to the measurement date	\$ 310,000	\$ -
Differences between expected and actual experience	10,485	-
Changes of assumptions	310,075	-
Net difference between projected and actual earnings of Pension Plan investments	482,111	-
Total	\$ 1,112,671	\$ -

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as net deferred outflows (inflows) of resources related to pension will be recognized in the pension expense as follows:

Year ended June 30:

2021	\$ 387,025
2022	161,751
2023	147,297
2024	106,598
	\$ 802,671

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Connecticut State Teacher's Retirement System

Plan Description: Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (the "System"). The System is a cost sharing multiple-employer defined benefit pension plan administered by the Connecticut State Teachers' Retirement Board (CTRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefited terms to the CTRB Board. The CTRB issues a publicly available financial report that can be obtained at www.ct.gov, or by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

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

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

Disability Retirement: Employees are eligible for service-related disability regardless of length of service. Five years of credited service is required for non-service-related disability or eligibility. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the plan, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions: Per Connecticut General Studies 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.

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. The contributions made by the State on behalf of the District for the year ended June 30, 2020 were estimated to be \$1,585,304 and were recognized as revenues and expenditures in the General Fund.

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2020 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$376,081. Covered payroll for the town for the year ended June 30, 2020 was approximately \$5,372,594.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2020 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>20,943,408</u>
Total	\$	<u>20,943,408</u>

The net pension liability was measured as of June 30, 2019, 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, 2020, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2020, the Town recognized benefits expense and contribution revenue of \$1,585,304 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$2,572,207 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions: 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 through June 30, 2015. The total pension 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	2.50 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	6.90 Percent

Mortality rates were based on the RP-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.

Future Cost-of-Living increases for members who retired prior to September 1, 1992, 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 WINCHESTER, CONNECTICUT
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The long-term expected rate of return on pension investments was determined using a log-normal distributions analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>	<u>Standard Deviation</u>
Public Equity - US Equity	8.10%	20.00%	17.00%
Public Equity - International Developed Equity	8.50%	11.00%	19.00%
Public Equity - Emerging Markets Equity	10.40%	9.00%	24.00%
Fixed Income - Core Fixed Income	4.60%	16.00%	7.00%
Fixed Income - Inflation Linked Bonds	3.60%	5.00%	7.00%
Fixed Income - High Yield	6.50%	6.00%	11.00%
Fixed Income - Emerging Market Debt	5.20%	5.00%	11.00%
Private Equity	9.80%	10.00%	23.00%
Real Estate	7.00%	10.00%	15.00%
Alternative Investments - Real Assets	8.20%	4.00%	17.00%
Alternative Investments - Hedge Funds	5.40%	3.00%	7.00%
Liquidity Fund	2.90%	1.00%	1.00%

The geometric rates of expected return shown in the above table are nominal returns net of investment expenses.

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

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.

Municipal Employees' Retirement System

Plan Description: All Town employees not covered by the Town's defined contribution plan, the Town's defined benefit pension plan, or the teacher retirement system participate in the Municipal Employees' Retirement System (MERS). This is a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating local government authorities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

TOWN OF WINCHESTER, CONNECTICUT
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Benefit Provisions: The Plan provides retirement, disability and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members.

Normal Retirement: For members not covered by social security, retirement benefits are calculated as 2% of average final compensation, times years of service. For members covered by social security, retirement benefits are calculated as 1.5% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early Retirement: Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement – Service Connected: Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability, are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement – Non-Service Connected: Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Death Benefit: Employees who are eligible for service, disability, or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

Contributions - Member: Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2.25% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Contributions – Employer: Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2020, the Town reports a total liability of \$3,405,129 for government-wide financials for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2019, the Town's proportion was 4.67%.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

For the year ended June 30, 2020, the Town recognized pension expense in the government-wide financial statements of \$1,127,734. As of June 30, 2020, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town contributions subsequent to the measurement date	\$ 368,109	\$ -
Net difference between projected and actual earnings	157,103	-
Difference between expected and actual experience	41,791	277,055
Changes in assumptions	940,759	-
Change in proportional share	315,277	-
Total	\$ 1,823,039	\$ 277,055

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred outflows of resources related to pension will be recognized in the pension expense as follows:

Year ended June 30:

2021	\$ 471,120
2022	291,025
2023	357,095
2024	58,635
	\$ 1,177,875

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases, including inflation	3.50-10.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	7.00 Percent

Mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees for the period after retirement and for dependent beneficiaries. The RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB is used by Police and Fire for the period after retirement and for dependent beneficiaries. For disabled retirees, the RP-2014 Disabled Retiree Mortality Table projected to 2020 by Scale BB is used.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2017.

TOWN OF WINCHESTER, CONNECTICUT

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The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	20.00%	5.30%
Developed Market International	11.00%	5.10%
Emerging Market International	9.00%	7.40%
Core Fixed Income	16.00%	1.60%
Inflation Linked Bond	5.00%	1.30%
Emerging Market Debt	5.00%	2.90%
High Yield Bonds	6.00%	3.40%
Real Estate	10.00%	4.70%
Private Equity	10.00%	7.30%
Alternative Investments	7.00%	3.20%
Liquidity Fund	<u>1.00%</u>	0.90%
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension'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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the Town's proportionate share of the net pension liability, calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.0%	7.0%	8.0%
Net Pension Liability as of June 30, 2020	\$ 5,107,019	\$ 3,405,129	\$ 1,983,225

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description: The Town allows certain retired employees and their spouses to remain on the Town's health insurance plan until age 65. Certified Board of Education employees age 50 with 25 years of service or age 55 with 20 years of service or age 60 with 10 years of service are eligible. Town employees are eligible at age 55 with 10 years of service or Rule of 75. There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 73.

Funding Policy: Retired Certified Board of Education employees pay 100% of the premiums. The Board of Education pays for 50% of each retiree's annual Health Savings Account contribution, which equals \$750 for single coverage and \$1,500 for 2 person or family coverage. All other Town retirees pay 100% of the premiums and 100% of any Health Savings Account contributions. The Town pays the full cost of insurance for one current retiree per a specific settlement agreement.

Effective June 2017, a Voluntary Employee Benefits Association (VEBA) trust was to be established by the Police Union, which is designed to provide medical benefits to police retirees. Per the Police Union labor contract, the primary funding source for this trust is a \$10 per hour surcharge on all outside details, which is paid by the contractor engaging the police to be present on the job site. The Town has no future funding requirements to police retiree medical benefits. At June 30, 2020 one current police retiree has medical coverage with the Town until age 65 per a specific settlement agreement.

Employees Covered by Benefit Terms: At June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	12
Active plan members	97
	109

Total OPEB Liability: The Town's total OPEB liability of \$2,849,501 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the July 1, 2018 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2020 for June 30, 2020 Reporting Date
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Salary
Salary Increases	2.6% (Prior 2.75%)
Discount Rate	2.21% (Prior 3.51%) Which is based on the 20-bond GO index effective as of June 30, 2020.
Mortality Rates	RP-2014 adjusted to 2006 total dataset (Blue Collar for Police) Mortality Table projected to valuation date with Scale MP-2018

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 6/30/19	\$ 2,464,331
Changes for the year:	
Service Cost	47,018
Interest	85,500
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	6,202
Changes in Assumptions	398,638
Benefit Payments	(152,188)
Net Changes	385,170
Balance at 6/30/20	\$ 2,849,501

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability as of June 30, 2020	\$ 3,236,228	\$ 2,849,501	\$ 2,534,140

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00% decreasing to 3.60%) or 1-percentage-point higher (8.00% decreasing to 5.60%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability as of June 30, 2020	\$ 2,478,214	\$ 2,849,501	\$ 3,306,272

OPEB Expense: For the year ended June 30, 2020, the Town recognized OPEB expense of \$29,683. As of June 30, 2020, deferred inflows and outflows of resources related to OPEB are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,663	\$ 1,076,300
Changes of assumptions	432,274	93,634
Total	\$ 437,937	\$ 1,169,934

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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

Year ended June 30:		
2021	\$	(83,035)
2022		(83,035)
2023		(83,035)
2024		(83,035)
2025		(83,035)
Thereafter		<u>(316,822)</u>
	\$	<u>(731,997)</u>

Connecticut Teachers' Retirement System - OPEB

Plan Description - Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System—a cost sharing multiemployer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions - The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare 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, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 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. 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. Any member that 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.

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 amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was \$43,328.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

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

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	3.50%
Prior Measurement Date	3.87%

The projected fiduciary net position is projected to be depleted in 2019.

Single equivalent interest rate

Measurement Date	3.50%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.87%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Pre-Medicare	5.95% for 2018 decreasing to an ultimate Rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate Rate of 4.75% by 2028

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.

Long-Term Rate of Return - 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 evaluation 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 of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing 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.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	0.41%	2.31%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		3.00%	

Discount Rate - The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the 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 of the single equivalent rate.

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability, calculated using current cost trend rates, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than current healthcare cost trend rates:

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.95%	5.95%	6.95%
Ultimate Healthcare Cost Trend Rate	3.75%	4.75%	5.75%
Total OPEB Liability	\$ 2,721,075	\$ 3,266,243	\$ 3,994,487

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Sensitivity of the Net OPEB Liability to Changes in Discount Rates - The following presents the net OPEB liability, calculated using the current discount rate, as well as what the net OPEB 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 (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 3,892,381	\$ 3,266,243	\$ 2,778,684

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2020 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 were 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>3,266,243</u>
Total	\$	<u><u>3,266,243</u></u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of \$43,328 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized (\$239,013) for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

NOTE 7 – RISKS AND UNCERTAINTIES

The World Health Organization declared the coronavirus outbreak (“COVID-19”) a pandemic. The impact of COVID-19 could negatively affect the Town’s operations, vendors, and/or taxpayer base. The extent to which the COVID-19 impacts the Town’s financial position will depend upon future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or its impact, among others.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

NOTE 8 - OTHER INFORMATION

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, except for worker's compensation, which is handled through an interlocal risk pool. Settled claims for these risks did not exceed commercial insurance coverage for the current year or three prior years.

A schedule of changes in the claims liability for heart and hypertension judgments for the years ended June 30, 2020, 2019 and 2018, is presented below:

	Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year
2017-18	\$ 987,894	\$ -	\$ 65,284	\$ 922,610
2018-19	922,610	-	65,349	857,261
2019-20	857,261	-	65,349	791,912

Interlocal Risk Pool

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 Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 212 members in the Workers' Compensation Pool. CIRMA's Workers' Compensation Pool retains up to \$1,000,000 per occurrence. Claims over \$1,000,000 are reinsured. The pooling agreement allows CIRMA to make additional assessments to make the pool self-sustaining. The Town cannot estimate the amount of such additional assessments and has not been notified that any assessments are forthcoming. CIRMA publishes its own financial report, which can be obtained from: CIRMA, 900 Chapel Street, New Haven, CT.

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 judgment or judgments that could materially affect the Town's financial position.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. Historically, such disallowances were not material; however, the CT SDE performed reviews of special education grant payments and determined that reimbursable expenditures had been overstated. As a result, the CT SDE initially requested repayment of \$720,865. The Town and CT SDE have negotiated an agreement that a waiver of one-fifth of the amount to be repaid can be requested each year for five years. If the Town and BOE attain specified criteria regarding the local special education programs, the CT SDE has agreed to grant the waiver each year. During the year ended June 30, 2020, the Town received the fifth and final waiver regarding the repayment.

The Town may be subject to rebate penalties to the federal government relating to various bond note issues. The Town expects such amounts, if any, to be immaterial.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

The Town participates in Regional Refuse District No. 1, a transfer station that was formally a landfill. The District has been informed that its landfill is on the Superfund list and has been named a potentially responsible party by the Environmental Protection Agency. The District has settled its liability for the Remedial Investigation/Feasibility Study, and the EPA has approved a long-term natural attenuation and monitoring program as the final remedy for the site. The annual financial obligation for this long-term work was funded by amounts obtained in grant funds and assessed to all PRP's and set aside in a trust fund for these activities. At this point, it is premature to estimate the final cost of the program, as the total cost of post closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws and regulations. The towns served by the District are required to pay any shortfall in the District's budget. The Town of Winchester, CT is responsible for approximately 51% of any such shortfall.

NOTE 9 –UPCOMING PRONOUNCEMENTS

GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 84 - *Fiduciary Activities* - This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment funds, (3) private-purpose funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020.

GASB Statement No. 87 – *Leases* - This statement improves the accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.

GASB Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period* - The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost before the end of a construction period will not be included in the historical cost of the capital asset. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.

**Required
Supplementary
Information**

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Property Taxes	\$ 23,600,000	\$ 23,600,000	\$ 23,845,263	\$ 245,263
Property Taxes - Prior Years	325,000	325,000	224,064	(100,936)
Supplemental Tax	-	-	45	45
Interest and Lien Fees	<u>200,000</u>	<u>200,000</u>	<u>176,619</u>	<u>(23,381)</u>
Total Taxes	<u>24,125,000</u>	<u>24,125,000</u>	<u>24,245,991</u>	<u>120,991</u>
Intergovernmental Revenue				
State of Connecticut - General Government	642,581	642,581	903,979	261,398
State of Connecticut - Board of Education	<u>7,823,991</u>	<u>7,823,991</u>	<u>7,820,358</u>	<u>(3,633)</u>
Total Intergovernmental Revenues	<u>8,466,572</u>	<u>8,466,572</u>	<u>8,724,337</u>	<u>257,765</u>
Other Local Revenues				
Licenses, Fees and Permits				
Cemeteries	30,000	30,000	34,675	4,675
Town Clerk	<u>155,000</u>	<u>155,000</u>	<u>186,741</u>	<u>31,741</u>
Charges for Services				
In Lieu of Taxes - Housing Authority	35,000	35,000	-	(35,000)
Building Department	152,000	152,000	168,784	16,784
Planning and Zoning	3,000	3,000	3,248	248
Inland Wetlands Commission	3,000	3,000	5,790	2,790
Zoning Board of Appeals	2,500	2,500	9,705	7,205
Police Department	9,000	9,000	11,501	2,501
Fire and Ambulance	60,000	60,000	54,541	(5,459)
Sale of Land and Equipment	75,000	75,000	9,805	(65,195)
Park and Recreation Department	20,000	20,000	15,000	(5,000)
Sewer-Water Administration	260,000	260,000	260,000	-
Sewer Debt Service	247,946	247,946	247,946	-
Other	<u>181,343</u>	<u>181,343</u>	<u>225,167</u>	<u>43,824</u>
Total Other Local Revenues	<u>1,233,789</u>	<u>1,233,789</u>	<u>1,232,903</u>	<u>(886)</u>
Total Revenues	<u>\$ 33,825,361</u>	<u>\$ 33,825,361</u>	<u>\$ 34,203,231</u>	<u>\$ 377,870</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2020

EXPENDITURES	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government				
Board of Selectmen	\$ 34,136	\$ 30,136	\$ 29,246	\$ 890
Town Clerk	190,731	190,731	183,757	6,974
Treasurer	47,054	47,054	46,609	445
Accounting Department	445,230	413,030	384,458	28,572
Election Expenditures	70,017	70,017	63,614	6,403
Insurance	475,000	430,000	419,062	10,938
Town Counsel	123,000	125,000	120,670	4,330
Town Manager	214,264	214,264	211,575	2,689
Building Department	238,517	265,517	257,421	8,096
Assessor	162,676	132,676	124,623	8,053
Board of Tax Review	2,842	2,842	2,535	307
Tax Collector	153,982	148,982	148,756	226
Planning and Zoning	6,688	6,688	3,823	2,865
Building - Town Hall	193,085	217,085	206,993	10,092
Inland Wetland Commission	3,421	4,121	3,909	212
Zoning Board of Appeals	3,940	3,940	2,149	1,791
Laurel City Commission	12,000	12,000	12,000	-
Advisory Comm. for the Disabled	1,000	1,000	1,000	-
Northwest Conservation District	1,840	1,840	1,840	-
Purchasing/Data Processing	228,756	232,756	232,409	347
Probate Court	6,418	6,418	5,404	1,014
Senior Citizens	199,843	199,843	187,480	12,363
Rural Transit District	2,397	2,397	2,397	-
Vacation and Sick Pay Accrual	50,000	30,000	26,856	3,144
Highland Lake	43,850	43,850	39,923	3,927
Economic Development Commission	12,940	12,940	7,596	5,344
School Crossing Guards	65,106	42,606	41,990	616
Conservation Commission	1	1	-	1
Unemployment Compensation	19,000	19,000	18,549	451
Cemeteries	98,801	98,801	94,933	3,868
Soldiers Monument Commission	6,750	6,750	6,178	572
Planning and Community Development	172,080	94,380	82,170	12,210
Civil Service Commission	20,765	6,765	4,789	1,976
Farmington River Watershed	724	724	724	-
Other Town Properties	31,000	31,000	17,811	13,189
Friends of Main Street	9,000	9,000	9,000	-
Total General Government	\$ 3,346,854	\$ 3,154,154	\$ 3,002,249	\$ 151,905

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Library	\$ 222,702	\$ 222,702	\$ 222,702	\$ -
Miscellaneous	764,307	766,972	732,041	34,931
Contracted Printing	5,000	5,200	5,167	33
Waste Disposal and Recycling	202,950	202,950	202,950	-
Public Safety				
Police Department	3,023,114	3,041,614	3,029,164	12,450
Fire Department	421,845	316,845	297,420	19,425
Dog Account	43,413	43,413	42,154	1,259
Civil Preparedness	10,908	10,908	9,274	1,634
Winchester Fire Department	48,000	48,100	48,066	34
Ambulance	86,543	86,543	86,543	-
Dispatch	382,222	486,722	476,320	10,402
Total Public Safety	<u>4,016,045</u>	<u>4,034,145</u>	<u>3,988,941</u>	<u>45,204</u>
Public Works				
Public Works Department/Highways	2,192,380	2,086,880	1,975,712	111,168
Street Lighting	150,000	129,000	126,426	2,574
Total Public Works	<u>2,342,380</u>	<u>2,215,880</u>	<u>2,102,138</u>	<u>113,742</u>
Health				
Department of Health	134,919	134,919	134,919	-
Youth and Family Services	29,940	29,940	29,940	-
Paramedic	182,400	182,400	182,400	-
Total Health	<u>347,259</u>	<u>347,259</u>	<u>347,259</u>	<u>-</u>
Parks and Recreation				
Park and Recreation Department	312,494	317,994	306,331	11,663
Education				
Board of Education	19,972,451	19,961,686	19,598,774	362,912
Retirement and Pension Contribution	\$ 412,221	\$ 404,721	\$ 403,834	\$ 887

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Debt Service				
Principal Retirement	\$ 392,000	\$ 392,000	\$ 392,000	\$ -
Interest	70,752	70,752	70,752	-
Sewer Plant Principal Retirement	28,000	28,000	28,000	-
Sewer Plant Interest	5,065	5,065	5,065	-
Sewer Principal Retirement	188,488	188,488	188,488	-
Sewer Interest	26,393	26,393	26,393	-
Total Debt Service	<u>710,698</u>	<u>710,698</u>	<u>710,698</u>	<u>-</u>
Contingency	<u>20,000</u>	<u>19,000</u>	<u>18,445</u>	<u>555</u>
Total Expenditures	<u>32,675,361</u>	<u>32,363,361</u>	<u>31,641,529</u>	<u>721,832</u>
Other Financing Uses				
Transfer out to Capital Projects	<u>1,150,000</u>	<u>1,462,000</u>	<u>1,462,000</u>	<u>-</u>
Total Transfers	<u>1,150,000</u>	<u>1,462,000</u>	<u>1,462,000</u>	<u>-</u>
Total	<u>33,825,361</u>	<u>33,825,361</u>	<u>33,103,529</u>	<u>721,832</u>
Excess of Revenues and Other Sources				
Over/(Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,099,702</u>	<u>\$ 1,099,702</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Summary of Significant Accounting Principles

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Budgetary Information and Accounting

The budgets are prepared on a modified accrual basis of accounting except for encumbrances. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year.

Encumbrance accounting is employed in the governmental funds. Open encumbrances are reported as reservations of fund balances since the commitments will be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities in the governmental funds.

Budgetary/GAAP Reconciliation

Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP basis”). The differences consist primarily of payments made by the State of Connecticut “on-behalf” of the Town into the State Teachers’ Retirement System, which are not recorded for budgetary purposes, the revenues and expenditures for Water/Sewer Debt Service are shown in the General Fund for budgetary purposes and in the Proprietary funds for the GAAP statements, and expenditures from the BOE nonlapsing fund are shown for GAAP and not budgetary purposes. The budget as presented has been amended by the Board of Selectmen throughout the year.

A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2020:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary Basis	\$ 34,203,231	\$ 31,641,529	\$ (1,462,000)
"On-behalf" payments - State Teachers Retirement Fund	1,628,632	1,628,632	-
BOE Nonlapsing Fund	-	100,000	-
Adjustment for Encumbrances	-	(15,236)	-
Reclass Water/Sewer Debt Service	<u>(247,946)</u>	<u>(214,881)</u>	<u>33,065</u>
GAAP Basis	<u>\$ 35,583,917</u>	<u>\$ 33,140,044</u>	<u>\$ (1,428,935)</u>

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Changes in Net Pension Liability and Related Ratios
Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 210,086	\$ 183,346	\$ 193,304	\$ 425,381	\$ 356,834	\$ 373,253	\$ 362,381
Interest	908,041	894,756	912,280	662,663	786,103	765,560	744,581
Changes in Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	7,127	153,643	(188,032)	294,578	(756,267)	(502)	-
Changes of Assumptions	667,354	282,949	515,083	(5,159,423)	2,126,873	-	-
Benefit Payments, Including Refunds of Member Contributions	<u>(939,446)</u>	<u>(882,771)</u>	<u>(822,486)</u>	<u>(840,333)</u>	<u>(770,208)</u>	<u>(699,299)</u>	<u>(744,122)</u>
Net Change in Total Pension Liability	853,162	631,923	610,149	(4,617,134)	1,743,335	439,012	362,840
Total Pension Liability - Beginning	<u>13,223,698</u>	<u>12,591,775</u>	<u>11,981,626</u>	<u>16,598,760</u>	<u>14,855,425</u>	<u>14,416,413</u>	<u>14,053,573</u>
Total Pension Liability - Ending (a)	<u>\$ 14,076,860</u>	<u>\$ 13,223,698</u>	<u>\$ 12,591,775</u>	<u>\$ 11,981,626</u>	<u>\$ 16,598,760</u>	<u>\$ 14,855,425</u>	<u>\$ 14,416,413</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 614,795	\$ 552,800	\$ 739,680	\$ 801,260	\$ 598,100	\$ 448,806	\$ 153,179
Contributions - Member	77,769	82,165	84,438	104,223	118,366	88,137	103,410
Net Investment Income	75,518	415,037	555,677	767,942	(228,997)	222,132	983,007
Benefit Payments, Including Refunds of Member Contributions	(939,446)	(882,771)	(822,486)	(840,333)	(770,208)	(699,299)	(744,122)
Administrative Expenses	(6,012)	(5,862)	(5,714)	(5,126)	(4,927)	(2,174)	(21,100)
Other	-	-	-	-	-	-	-
Net Change in Pension Fiduciary Net Position	(177,376)	161,369	551,595	827,966	(287,666)	57,602	474,374
Plan Fiduciary Net Position - Beginning	<u>8,817,390</u>	<u>8,656,021</u>	<u>8,104,426</u>	<u>7,276,460</u>	<u>7,564,126</u>	<u>7,506,524</u>	<u>7,032,150</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,640,014</u>	<u>\$ 8,817,390</u>	<u>\$ 8,656,021</u>	<u>\$ 8,104,426</u>	<u>\$ 7,276,460</u>	<u>\$ 7,564,126</u>	<u>\$ 7,506,524</u>
Net Pension Liability - Ending: (a) - (b)	<u>\$ 5,436,846</u>	<u>\$ 4,406,308</u>	<u>\$ 3,935,754</u>	<u>\$ 3,877,200</u>	<u>\$ 9,322,300</u>	<u>\$ 7,291,299</u>	<u>\$ 6,909,889</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.38%	66.68%	68.74%	67.64%	43.84%	50.92%	52.07%
Covered Payroll	\$ 1,692,050	\$ 1,691,109	\$ 1,830,753	\$ 2,281,285	\$ 2,254,826	\$ 2,376,673	\$ 2,668,367
Net Pension Liability as a Percentage of Covered Payroll	321.32%	260.56%	214.98%	169.96%	413.44%	306.79%	258.96%

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Schedule of Contributions
Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Employer Contribution (ADEC)	\$ 604,649	\$ 479,574	\$ 532,614	\$ 520,449	\$ 460,938	\$ 525,230	\$ 474,401
Contributions in Relation to the ADEC	<u>614,795</u>	<u>552,800</u>	<u>739,680</u>	<u>801,260</u>	<u>598,100</u>	<u>448,806</u>	<u>153,179</u>
Contribution Deficiency (Excess)	<u>\$ (10,146)</u>	<u>\$ (73,226)</u>	<u>\$ (207,066)</u>	<u>\$ (280,811)</u>	<u>\$ (137,162)</u>	<u>\$ 76,424</u>	<u>\$ 321,222</u>
Covered Payroll	1,692,050	1,691,109	1,830,753	2,281,285	2,254,826	2,376,673	2,668,367
Contributions as a Percentage of Covered Payroll	36.33%	32.69%	40.40%	35.12%	26.53%	18.88%	5.74%

Notes to Schedule

Valuation Date: 1/1/2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level Percent of Salary
Amortization method	Closed
Remaining amortization period	19 yrs
Asset valuation method	The Actuarial Value of assets used in the development of plan contributions phases in the recognition of differences between the actual return on Market Value and expected return on Market Value over a 5-year period at 20% per year. The Actuarial Value is adjusted, if necessary, to be within the range of 80% and 120% of the Market Value of assets.
Salary increases	3.00% increase per year
Investment rate of return	6.75% (Previously 7.0%)
Normal Retirement	Later of age 65 or 5 years of service.
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Table projected to the valuation date with Scale MP-2019.

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Schedule of Investment Returns

Last Seven Fiscal Years

Year Ended June 30:	Annual Money-Weighted Rate of Return, Net of <u>Investment Expense</u>
2014	14.55%
2015	3.03%
2016	-3.13%
2017	10.65%
2018	6.98%
2019	4.91%
2020	0.88%

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Connecticut Municipal Employees' Retirement System
Proportionate Share of the Net Pension Liability and Schedule of Contributions
Last Six Fiscal Years

**Schedule of Changes in the Net Pension Liability and Related Ratios
Last 10 Fiscal Years or Since Inception of GASB 68**

	2020	2019	2018	2017	2016	2015
Town's Percentage of Collective Net Pension Liability	4.673%	3.953%	3.451%	3.451%	3.077%	3.077%
Town's Portion of Net Pension Liability	<u>\$ 3,405,129</u>	<u>\$ 2,685,922</u>	<u>\$ 1,380,023</u>	<u>\$ 1,613,600</u>	<u>\$ 941,454</u>	<u>\$ 696,164</u>
Town's Covered Payroll	<u>\$ 2,075,615</u>	<u>\$ 2,239,380</u>	<u>\$ 1,598,329</u>	<u>\$ 1,598,329</u>	<u>\$ 1,232,689</u>	<u>\$ 1,232,689</u>
Town's Portion of Net Pension Liability as a % of Covered Payroll	164.05%	119.94%	86.34%	100.96%	76.37%	56.48%
Plan Fiduciary Net Position as a % of Total Pension Liability	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

**Schedule of Employer Contributions
Since Inception of GASB 68**

	2020	2019	2018	2017	2016	2015
Town's Contractually Required Contribution	\$ 368,109	\$ 349,482	\$ 305,365	\$ 267,400	\$ 274,508	\$ 255,456
Town's Contributions in Relation to the Contractually Required Contribution	<u>368,109</u>	<u>317,365</u>	<u>305,365</u>	<u>295,778</u>	<u>274,508</u>	<u>255,456</u>
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 32,117</u>	<u>\$ -</u>	<u>\$ (28,378)</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	2,075,615	2,239,380	1,598,329	1,598,329	1,232,689	1,232,689
Town's Contributions as a Percentage of Covered Payroll	17.73%	14.17%	19.11%	18.51%	22.27%	20.72%

Notes to Schedule

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age, normal cost method
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	5-year smoothed market (20% write up)
Inflation	3.25%
Salary Increases	4.25%-11.00%, including inflation
Investment rate of return	8.00% net of investment expense, including inflation

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Other Post Employment Benefits (OPEB)
Schedule of Changes in Net OPEB Liability
Last Three Fiscal Years

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 47,018	\$ 64,139	\$ 64,036
Interest	85,500	139,182	132,053
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	6,202	(1,286,990)	(18,120)
Changes of Assumptions	398,638	82,678	(129,193)
Benefit Payments	<u>(152,188)</u>	<u>(132,688)</u>	<u>(149,467)</u>
Net Change in Total OPEB Liability	385,170	(1,133,679)	(100,691)
Total OPEB Liability - Beginning	<u>2,464,331</u>	<u>3,598,010</u>	<u>3,698,701</u>
Total OPEB Liability - Ending	<u>\$ 2,849,501</u>	<u>\$ 2,464,331</u>	<u>\$ 3,598,010</u>
Covered Payroll	\$ 6,523,499	\$ 6,358,187	\$ 7,137,686
Total OPEB Liability as a Percentage of Covered Payroll	43.68%	38.76%	50.41%

There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

Notes to Schedule

Measurement Date	June 30, 2020
Valuation Date	July 1, 2018
Inflation Rate	2.60%
Actuarial Cost Method	Entry Age Normal
Salary Increases	2.60%
Healthcare Cost Trend Rates	7.00% in 2018, reducing by 0.5% each year to an ultimate rate of 4.60% per year rate for 2023 and later.

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
State Teacher's Retirement System
Proportionate Share of Net Pension Liability
Last Six Fiscal Years

Schedule of Proportionate Share of Net Pension Liability

	2020	2019	2018	2017	2016	2015
Town's percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>20,943,408</u>	<u>16,148,584</u>	<u>14,763,617</u>	<u>15,575,729</u>	<u>14,125,042</u>	<u>13,055,770</u>
Total	<u>\$ 20,943,408</u>	<u>\$ 16,148,584</u>	<u>\$ 14,763,617</u>	<u>\$ 15,575,729</u>	<u>\$ 14,125,042</u>	<u>\$ 13,055,770</u>
Town's covered payroll	<u>\$ 5,372,594</u>	<u>\$ 5,218,621</u>	<u>\$ 5,362,820</u>	<u>\$ 4,934,307</u>	<u>\$ 4,879,007</u>	<u>\$ 4,600,786</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary increases	3.25% - 6.50% average, including inflation
Investment rate of return	8.0% net of investment expense, including inflation

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 State Teacher's Retirement System
 Proportionate Share of Net OPEB Liability
 Last Three Fiscal Years

Schedule of Proportionate Share of Net OPEB Liability

	2020	2019	2018
Town's percentage of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	3,266,243	3,228,211	3,799,976
Total	\$ 3,266,243	\$ 3,228,211	\$ 3,799,976
Town's covered payroll	\$ 5,372,594	\$ 5,218,621	\$ 5,362,820
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll.	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.08%	1.49%	1.79%

Notes to Schedule

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	3.00%, net of investment related expense
Price Inflation	2.75%

See accountant's report.

**Supplemental, Combining
Individual Nonmajor Fund
Statements, and Schedules**

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Industrial Park #2 Fund - To account for revenues and expenditures for the marketing and sales of lots in the Town's second industrial park.

Cafeteria Fund - To account for the Child Nutrition Program. Revenues consist of sales of food and grant subsidies for nutrition.

Small Cities - To account for federal grant revenues from the U.S. Department of Housing and Urban Development and subsequent loans to entities for various grant years.

Brownfields Pilot Program - To account for a grant from the U.S. E.P.A. and related expenditures to study and redevelop several potentially contaminated manufacturing sites.

City Sidewalks Fund - To account for revenues and expenditures relating to the maintenance of sidewalks.

Elderly Enrichment Part I Fund - To account for the revenues and expenditures relating to day services for developmentally disabled individuals.

Cemetery Association Trust Fund - To account for the revenues and expenditures relating to the maintenance of the Forest View Cemetery.

Anti-Blight Fund – To account for the revenues and expenditures relating to the clean-up of blighted properties inside the Town.

Soldiers Monument Restoration Fund - To account for the revenues and expenditures relating to the renovation of the monument structure at the soldiers monument park.

Grants & Donations Fund - To account for revenue and expenditures from estate bequeaths, citizen donations, and funds arising from organizations declaring a non-taxable status, as well as fee-based recreation programs.

CHAMPS Fund – To account for activity of an after-school enrichment program.

Winchester School Trust Fund - To account for beneficiary funds received from the W. H. Batcheller Trust to provide scholarships on an annual basis to local youth who excel in the school system.

Winchester Bond Sinking Fund - To account for funds established for the retirement of debt. The fund balance must exceed \$75,000 before any funds can be utilized.

Forest View Cemetery Chapel Trust Fund - To account for the revenues and expenditures for the repairs and maintenance of the chapel located on the grounds of the Forest View Cemetery.

Crippled Children Trust Fund - This fund was established to provide funds for disabled children.

Beverly Pass Fund - This fund was established as a scholarship fund.

Permanent Funds

Forest View Cemetery Fund - This fund was established to accumulate donations and other resources, the income on which is used for the operation and maintenance of the Town's Forest View Cemetery and to purchase cemetery land.

Winchester Center Cemetery Fund - This fund was established to accumulate donations and other resources, the income on which is used for the operation and maintenance of the Winchester Center Cemetery and to purchase cemetery land.

Winchester Memorial Park Fund - This fund was established to provide funds to make repairs and improvements to the Town of Winchester parks.

Jane A Nisbet Fund - This fund was established to accumulate interest with the income used for the operation and maintenance of the Forest View Cemetery.

Town Park Fund - To account for funds contributed to the Town, the income on which is used for repairs and maintenance of the Town parks.

TOWN OF WINCHESTER, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

SPECIAL REVENUE FUNDS

	Industrial Park #2 Fund	Cafeteria Fund	Small Cities	Brownfields Pilot Program	City Sidewalks Fund	Elderly Enrichment Part I Fund	Cemetery Association Trust Fund	Soldiers Monument Restoration Fund
Assets								
Cash and Cash Equivalents	\$ 384,172	\$ 4,784	\$ 99,087	\$ 156,827	\$ 859	\$ 26,325	\$ 669	\$ 48,421
Receivables, Net	-	62,357	1,211,284	-	-	33,395	-	-
Inventory	-	3,564	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 384,172</u>	<u>\$ 70,705</u>	<u>\$ 1,310,371</u>	<u>\$ 156,827</u>	<u>\$ 859</u>	<u>\$ 59,720</u>	<u>\$ 669</u>	<u>\$ 48,421</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and Accrued Items	\$ -	\$ 69,294	\$ -	\$ -	\$ -	\$ 28,058	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	20,748	-	-
Due to Other Governments	153,130	-	-	-	-	-	-	-
Total Liabilities	<u>153,130</u>	<u>69,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,806</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	1,310,371	156,827	-	10,914	669	48,421
Committed	231,042	1,411	-	-	859	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>231,042</u>	<u>1,411</u>	<u>1,310,371</u>	<u>156,827</u>	<u>859</u>	<u>10,914</u>	<u>669</u>	<u>48,421</u>
Total Liabilities and Fund Balances	<u>\$ 384,172</u>	<u>\$ 70,705</u>	<u>\$ 1,310,371</u>	<u>\$ 156,827</u>	<u>\$ 859</u>	<u>\$ 59,720</u>	<u>\$ 669</u>	<u>\$ 48,421</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

SPECIAL REVENUE FUNDS

	Anti Blight Fund	Grants & Donations Fund	Champs Fund	Winchester School Trust Fund	Winchester Bond Sinking Fund	Forest View Cemetery Chapel Trust Fund	Crippled Children Trust Fund	Beverly Pass Fund
Assets								
Cash and Cash Equivalents		\$ 32,093	\$ -	\$ 90,880	\$ 18	\$ 630	\$ 445	\$ 8,652
Receivables, Net	-	125,357	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Funds	148,053	43,095	64,191	-	-	-	-	-
Total Assets	\$ 148,053	\$ 200,545	\$ 64,191	\$ 90,880	\$ 18	\$ 630	\$ 445	\$ 8,652
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and Accrued Items	\$ -	\$ 15,657	-	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-	-	-
Total Liabilities	-	15,657	-	-	-	-	-	-
Fund Balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	148,053	184,888	64,191	90,880	18	630	445	8,652
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	148,053	184,888	64,191	90,880	18	630	445	8,652
Total Liabilities and Fund Balances	\$ 148,053	\$ 200,545	\$ 64,191	\$ 90,880	\$ 18	\$ 630	\$ 445	\$ 8,652

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

PERMANENT FUNDS

	Forest View Cemetery <u>Fund</u>	Winchester Center Cemetery <u>Fund</u>	Winchester Memorial Park <u>Fund</u>	Jane A Nisbet <u>Fund</u>	Town Park <u>Fund</u>	<u>Total</u>
Assets						
Cash and Cash Equivalents	\$ 142,604	\$ 39,458	\$ 14,356	\$ 7,784	\$ 108,777	\$ 1,166,841
Receivables, Net	-	-	-	-	-	1,432,393
Inventory	-	-	-	-	-	3,564
Due from Other Funds	-	-	-	-	-	255,339
Total Assets	<u>\$ 142,604</u>	<u>\$ 39,458</u>	<u>\$ 14,356</u>	<u>\$ 7,784</u>	<u>\$ 108,777</u>	<u>\$ 2,858,137</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,009
Due to Other Funds	-	-	-	-	-	20,748
Due to Other Governments	-	-	-	-	-	153,130
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,887</u>
Fund Balances:						
Nonspendable	138,267	33,648	8,300	250	6,911	187,376
Restricted	4,337	5,810	6,056	7,534	101,866	2,150,562
Committed	-	-	-	-	-	233,312
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>142,604</u>	<u>39,458</u>	<u>14,356</u>	<u>7,784</u>	<u>108,777</u>	<u>2,571,250</u>
Total Liabilities and Fund Balances	<u>\$ 142,604</u>	<u>\$ 39,458</u>	<u>\$ 14,356</u>	<u>\$ 7,784</u>	<u>\$ 108,777</u>	<u>\$ 2,858,137</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	SPECIAL REVENUE FUNDS							
	Industrial Park #2 Fund	Cafeteria Fund	Small Cities	Brownfields Pilot Program	City Sidewalks Fund	Elderly Enrichment Part I Fund	Cemetery Association Trust Fund	Soldiers Monument Restoration Fund
Revenues								
Intergovernmental Revenues	\$ -	\$ 373,552	\$ -	\$ -	\$ -	\$ 241,338	\$ -	\$ -
Interest and Dividends	5,162	-	1,331	1,922	-	-	-	462
Charges for Services	-	26,123	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	4,208
Total Revenues	<u>5,162</u>	<u>399,675</u>	<u>1,331</u>	<u>1,922</u>	<u>-</u>	<u>241,338</u>	<u>-</u>	<u>4,670</u>
Expenditures								
Current:								
General Government	-	-	-	800	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	241,338	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Education	-	405,204	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	3,600
Total Expenditures	<u>-</u>	<u>405,204</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>241,338</u>	<u>-</u>	<u>3,600</u>
Excess/(Deficiency) of Revenues Over Expenditures	5,162	(5,529)	1,331	1,122	-	-	-	1,070
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5,162	(5,529)	1,331	1,122	-	-	-	1,070
Fund Balances at Beginning of Year	<u>225,880</u>	<u>6,940</u>	<u>1,309,040</u>	<u>155,705</u>	<u>859</u>	<u>10,914</u>	<u>669</u>	<u>47,351</u>
Fund Balances at End of Year	<u>\$ 231,042</u>	<u>\$ 1,411</u>	<u>\$ 1,310,371</u>	<u>\$ 156,827</u>	<u>\$ 859</u>	<u>\$ 10,914</u>	<u>\$ 669</u>	<u>\$ 48,421</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	SPECIAL REVENUE FUNDS							
	Anti Blight Fund	Grants & Donations Fund	Champs Fund	Winchester School Trust Fund	Winchester Bond Sinking Fund	Forest View Cemetery Chapel Trust Fund	Crippled Children Trust Fund	Beverly Pass Fund
Revenues								
Intergovernmental Revenues	\$ -	\$ 130,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Dividends	-	-	-	77	-	-	-	117
Charges for Services	-	98,277	42,112	-	-	-	-	-
Other Revenue	<u>190,224</u>	<u>91,485</u>	<u>-</u>	<u>2,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>190,224</u>	<u>320,619</u>	<u>42,112</u>	<u>2,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117</u>
Expenditures								
Current:								
General Government	100,925	7,155	-	-	-	-	-	-
Public Safety	-	210,049	-	-	-	-	-	-
Health	-	13,310	-	-	-	-	-	-
Parks and Recreation	-	90,128	-	-	-	-	-	-
Education	-	-	79,468	-	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>100,925</u>	<u>320,642</u>	<u>79,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	89,299	(23)	(37,356)	2,616	-	-	-	117
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	89,299	(23)	(37,356)	2,616	-	-	-	117
Fund Balances at Beginning of Year	<u>58,754</u>	<u>184,911</u>	<u>101,547</u>	<u>88,264</u>	<u>18</u>	<u>630</u>	<u>445</u>	<u>8,535</u>
Fund Balances at End of Year	<u>\$ 148,053</u>	<u>\$ 184,888</u>	<u>\$ 64,191</u>	<u>\$ 90,880</u>	<u>\$ 18</u>	<u>\$ 630</u>	<u>\$ 445</u>	<u>\$ 8,652</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	PERMANENT FUNDS					<u>Total</u>
	Forest View Cemetery <u>Fund</u>	Winchester Center Cemetery <u>Fund</u>	Winchester Memorial Park Fund	Jane A Nisbet Fund	Town Park Fund	
Revenues						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 745,747
Interest and Dividends	1,914	463	115	-	459	12,022
Charges for Services	-	-	-	-	-	166,512
Other Revenue	-	-	-	-	-	288,456
Total Revenues	<u>1,914</u>	<u>463</u>	<u>115</u>	<u>-</u>	<u>459</u>	<u>1,212,737</u>
Expenditures						
Current:						
General Government	-	-	-	-	19,275	128,155
Public Safety	-	-	-	-	-	210,049
Health	-	-	-	-	-	254,648
Parks and Recreation	-	-	-	-	-	90,128
Education	-	-	-	-	-	484,672
Capital Outlay	-	-	-	-	-	3,600
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,275</u>	<u>1,171,252</u>
Excess/(Deficiency) of Revenues Over Expenditures	1,914	463	115	-	(18,816)	41,485
Other Financing Sources/(Uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,914	463	115	-	(18,816)	41,485
Fund Balances at Beginning of Year	<u>140,690</u>	<u>38,995</u>	<u>14,241</u>	<u>7,784</u>	<u>127,593</u>	<u>2,529,765</u>
Fund Balances at End of Year	<u>\$ 142,604</u>	<u>\$ 39,458</u>	<u>\$ 14,356</u>	<u>\$ 7,784</u>	<u>\$ 108,777</u>	<u>\$ 2,571,250</u>

See accountant's report.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or other governments.

Agency Funds

Student Activities - To account for the Batcheller, Hinsdale and Pearson school activity funds.

Other - To account for performance bonds held by the Town.

TOWN OF WINCHESTER, CONNECTICUT

Agency Funds

Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Student Activities</u>				
Assets:				
Cash and Cash Equivalents	\$ 7,517	\$ 2,033	\$ 1,232	\$ 8,318
Total Assets	<u>7,517</u>	<u>2,033</u>	<u>1,232</u>	<u>8,318</u>
Liabilities:				
Fiduciary Deposits	7,517	2,033	1,232	8,318
Total Liabilities	<u>\$ 7,517</u>	<u>\$ 2,033</u>	<u>\$ 1,232</u>	<u>\$ 8,318</u>
 <u>Other</u>				
Assets:				
Cash and Cash Equivalents	\$ 50,432	\$ 148,475	\$ 5,750	\$ 193,157
Total Assets	<u>50,432</u>	<u>148,475</u>	<u>5,750</u>	<u>193,157</u>
Liabilities:				
Fiduciary Deposits	50,432	148,475	5,750	193,157
Total Liabilities	<u>\$ 50,432</u>	<u>\$ 148,475</u>	<u>\$ 5,750</u>	<u>\$ 193,157</u>
 <u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$ 57,949	\$ 150,508	\$ 6,982	\$ 201,475
Total Assets	<u>57,949</u>	<u>150,508</u>	<u>6,982</u>	<u>201,475</u>
Liabilities				
Fiduciary Deposits	57,949	150,508	6,982	201,475
Total Liabilities	<u>\$ 57,949</u>	<u>\$ 150,508</u>	<u>\$ 6,982</u>	<u>\$ 201,475</u>

See accountant's report.

Supplemental Schedules

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2020

List of 10/1:	Outstanding July 1, 2019	Current Levy	Lawful Corrections		Transfers to Suspense	Collectible Taxes	Collections During the Year			Outstanding June 30, 2020
			Additions	Deductions			Taxes	Interest and Liens	Total	
2018		\$ 24,313,385	\$ 19,342	\$ 149,486	\$ (21,315)	\$ 24,161,926	\$ 23,798,621	\$ 109,063	\$ 23,907,684	\$ 363,305
2017	\$ 329,956	-	4,577	5,210	(9,252)	320,071	191,831	38,570	230,401	128,240
2016	99,034	-	3,290	1,396	(3,079)	97,849	23,497	7,996	31,493	74,352
2015	53,591	-	3,828	-	(36,356)	21,063	5,311	73	5,384	15,752
2014	21,213	-	1,323	-	(13,992)	8,544	(1,251)	(132)	(1,383)	9,795
2013	10,925	-	1,105	-	(8,108)	3,922	1,192	98	1,290	2,730
2012	7,933	-	1,105	-	(7,244)	1,794	1,105	-	1,105	689
2011	7,396	-	-	-	(6,545)	851	-	-	-	851
2010	3,626	-	-	-	(2,750)	876	-	-	-	876
2009	816	-	-	-	(42)	774	-	-	-	774
2008	-	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-	-	-
2005	116	-	-	-	-	116	-	-	-	116
2004	88	-	-	-	(88)	-	-	-	-	-
	\$ 534,694	\$ 24,313,385	\$ 34,570	\$ 156,092	\$ (108,771)	\$ 24,617,786	24,020,306	155,668	24,175,974	\$ 597,480

Net Grand List - October 1, 2018

Total Suspense Collections 6,451 7,799 14,250

Tax Rate: 33.54 mills

Total Collections **\$ 24,026,757** **\$ 163,467** **\$ 24,190,224**

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Water and Sewer Rents Levied, Collected, and Outstanding
For the Year Ended June 30, 2020

Water Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2019	Lawful Corrections	Transfers to Suspense	Adjusted Levy and Uncollected Balance	Collections			Water Rents Receivable June 30, 2020
					Rents	Interest and Liens	Total	
2018	\$ 1,856,295	\$ (4,041)	\$ -	\$ 1,852,254	\$ 1,722,174	\$ 13,880	\$ 1,736,054	\$ 130,080
2017	100,502	(810)	-	99,692	86,715	14,552	101,267	12,977
2016	4,456	-	-	4,456	1,751	623	2,374	2,705
2015	1,764	-	-	1,764	-	-	-	1,764
2014	968	-	-	968	-	-	-	968
2013	1,553	-	-	1,553	-	-	-	1,553
2012	316	-	-	316	-	-	-	316
2011	306	-	-	306	-	-	-	306
2010	148	-	-	148	-	-	-	148
	\$ 1,966,308	\$ (4,851)	\$ -	\$ 1,961,457	\$ 1,810,640	\$ 29,055	\$ 1,839,695	\$ 150,817

Sewer Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2019	Lawful Corrections	Transfers to Suspense	Adjusted Levy and Uncollected Balance	Collections			Sewer Rents Receivable June 30, 2020
					Rents	Interest and Liens	Total	
2018	\$ 1,555,359	\$ (924)	\$ -	\$ 1,554,435	\$ 1,433,165	\$ 11,526	\$ 1,444,691	\$ 121,270
2017	76,208	(406)	-	75,802	63,530	12,779	76,309	12,272
2016	4,687	-	-	4,687	1,843	867	2,710	2,844
2015	1,780	-	-	1,780	-	-	-	1,780
2014	1,217	-	-	1,217	-	-	-	1,217
2013	1,705	-	-	1,705	-	-	-	1,705
2012	712	-	-	712	-	-	-	712
2011	598	-	-	598	-	-	-	598
2010	25	-	-	25	-	-	-	25
	\$ 1,642,291	\$ (1,330)	\$ -	\$ 1,640,961	\$ 1,498,538	\$ 25,172	\$ 1,523,710	\$ 142,423

See accountant's report.

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess economic conditions.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.)
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF WINCHESTER, CONNECTICUT
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Net Investment in Capital Assets	\$ 37,937,496	\$ 37,955,510	\$ 38,299,684	\$ 38,706,670	\$ 38,445,171	\$ 38,586,005	\$ 39,174,225	\$ 40,271,477	\$ 42,121,720	\$ 44,417,410
Restricted	524,258	2,523,523	2,694,119	2,338,704	2,132,045	2,184,503	2,243,173	2,294,074	2,296,086	2,337,938
Unrestricted	<u>(2,747,154)</u>	<u>(5,462,501)</u>	<u>(6,442,404)</u>	<u>(5,878,735)</u>	<u>(5,515,045)</u>	<u>(4,450,938)</u>	<u>(2,520,690)</u>	<u>(1,977,467)</u>	<u>(320,747)</u>	<u>(441,937)</u>
Total Governmental Activities Net Position	\$ 35,714,600	\$ 35,016,532	\$ 34,551,399	\$ 35,166,639	\$ 35,062,171	\$ 36,319,570	\$ 38,896,708	\$ 40,588,084	\$ 44,097,059	\$ 46,313,411
Business-type Activities:										
Net Investment in Capital Assets	\$ 32,869,701	\$ 32,508,601	\$ 32,182,934	\$ 31,687,119	\$ 30,765,003	\$ 26,835,634	\$ 26,225,709	\$ 25,815,067	\$ 25,667,645	\$ 25,103,686
Unrestricted	<u>(1,193,895)</u>	<u>(1,292,067)</u>	<u>(924,692)</u>	<u>330,581</u>	<u>1,097,207</u>	<u>1,711,887</u>	<u>2,632,050</u>	<u>3,061,410</u>	<u>3,147,427</u>	<u>3,671,182</u>
Total Business-type Activities Net Position	\$ 31,675,806	\$ 31,216,534	\$ 31,258,242	\$ 32,017,700	\$ 31,862,210	\$ 28,547,521	\$ 28,857,759	\$ 28,876,477	\$ 28,815,072	\$ 28,774,868
Primary Government										
Net Investment in Capital Assets	\$ 70,807,197	\$ 70,464,111	\$ 70,482,618	\$ 70,393,789	\$ 69,210,174	\$ 65,421,639	\$ 65,399,934	\$ 66,086,544	\$ 67,789,365	\$ 69,521,096
Restricted	524,258	2,523,523	2,694,119	2,338,704	2,132,045	2,184,503	2,243,173	2,294,074	2,296,086	2,337,938
Unrestricted	<u>(3,941,049)</u>	<u>(6,754,568)</u>	<u>(7,367,096)</u>	<u>(5,548,154)</u>	<u>(4,417,838)</u>	<u>(2,739,051)</u>	<u>111,360</u>	<u>1,083,943</u>	<u>2,826,680</u>	<u>3,229,245</u>
Total Primary Government Net Position	\$ 67,390,406	\$ 66,233,066	\$ 65,809,641	\$ 67,184,339	\$ 66,924,381	\$ 64,867,091	\$ 67,754,467	\$ 69,464,561	\$ 72,912,131	\$ 75,088,279

TOWN OF WINCHESTER, CONNECTICUT

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

Page 1 of 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
Education	\$ 23,668,453	\$ 22,869,216	\$ 23,083,862	\$ 24,007,954	\$ 25,103,389	\$ 26,325,204	\$ 26,996,253	\$ 25,363,648	\$ 26,641,327	\$ 26,226,649
Public safety	4,115,483	3,576,949	3,607,845	3,558,537	3,045,908	3,684,860	3,969,616	4,228,958	4,512,892	5,186,461
Public works	3,175,507	2,382,942	2,226,107	3,067,995	3,111,181	3,096,519	2,592,077	3,019,953	2,800,234	3,206,158
General government	3,358,796	3,617,443	3,881,057	3,184,962	3,738,169	3,044,626	3,118,521	2,979,380	2,980,847	3,466,896
Health	289,932	365,698	332,349	575,514	649,113	1,164,840	468,627	454,403	469,359	615,805
Parks and recreation	244,723	512,726	199,271	210,019	224,911	263,445	269,537	274,774	308,839	411,335
Library	194,141	194,141	176,474	176,474	200,003	206,000	214,034	216,174	218,336	222,702
Waste disposal and recycling	335,869	405,320	204,965	222,812	196,247	198,356	225,040	200,940	202,949	202,950
Interest on long-term debt	283,729	270,484	202,821	222,581	166,124	146,895	131,350	121,162	105,504	83,212
Total Governmental Activities Expenses	<u>35,666,633</u>	<u>34,194,919</u>	<u>33,914,751</u>	<u>35,226,848</u>	<u>36,435,045</u>	<u>38,130,745</u>	<u>37,985,055</u>	<u>36,859,392</u>	<u>38,240,287</u>	<u>39,622,168</u>
Business-Type Activities										
Water	1,763,578	1,798,146	1,632,254	1,522,972	1,624,816	1,575,518	1,581,381	1,703,776	1,666,615	1,753,902
Sewer	1,880,397	1,776,674	1,698,684	1,695,555	1,937,700	1,782,200	1,877,644	1,957,077	2,006,301	1,978,357
Total Business-Type Activities Expenses	<u>3,643,975</u>	<u>3,574,820</u>	<u>3,330,938</u>	<u>3,218,527</u>	<u>3,562,516</u>	<u>3,357,718</u>	<u>3,459,025</u>	<u>3,660,853</u>	<u>3,672,916</u>	<u>3,732,259</u>
Total Primary Government Expenses	<u>\$ 39,310,608</u>	<u>\$ 37,769,739</u>	<u>\$ 37,245,689</u>	<u>\$ 38,445,375</u>	<u>\$ 39,997,561</u>	<u>\$ 41,488,463</u>	<u>\$ 41,444,080</u>	<u>\$ 40,520,245</u>	<u>\$ 41,913,203</u>	<u>\$ 43,354,427</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Education	\$ 171,398	\$ 191,980	\$ 117,548	\$ 102,112	\$ 170,174	\$ 131,074	\$ 124,270	\$ 147,085	\$ 105,378	\$ 68,235
Public safety	158,752	44,460	68,454	84,557	61,615	64,812	76,747	73,147	70,599	66,042
Public works	74,551	-	-	381,676	222,998	245,626	250,008	250,008	250,000	260,000
Health	-	21,680	40,105	77,678	75,893	66,807	73,513	47,974	64,487	59,436
General government	484,494	349,799	256,293	286,497	305,526	358,225	376,722	348,504	558,891	384,894
Parks and recreation	28,493	10,500	10,500	10,500	10,500	15,000	15,000	20,000	20,000	95,992
Operating Grants and Contributions	11,374,639	12,213,309	11,969,905	13,081,110	13,340,706	14,465,116	15,412,406	13,813,593	15,275,512	14,733,522
Capital Grants and Contributions	932,659	364,085	483,407	650,810	45,448	426,070	469,124	175,276	328,952	1,166,882
Total Governmental Activities										
Program Revenues	<u>13,224,986</u>	<u>13,195,813</u>	<u>12,946,212</u>	<u>14,674,940</u>	<u>14,232,860</u>	<u>15,772,730</u>	<u>16,797,790</u>	<u>14,875,587</u>	<u>16,673,819</u>	<u>16,835,003</u>
Business-type Activities:										
Water:										
Charges for Services	1,513,425	1,600,046	1,694,717	1,937,052	1,806,242	1,790,896	1,959,915	1,903,593	1,864,514	1,897,956
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Sewer:										
Charges for Services	1,171,571	1,347,344	1,439,621	1,662,134	1,522,131	1,498,439	1,743,060	1,712,018	1,667,203	1,721,200
Capital Grants and Contributions	2,685	2,714	-	1,317	-	-	-	-	-	-
Total Business-type Activities										
Program Revenues	<u>2,687,681</u>	<u>2,950,104</u>	<u>3,134,338</u>	<u>3,600,503</u>	<u>3,328,373</u>	<u>3,289,335</u>	<u>3,702,975</u>	<u>3,615,611</u>	<u>3,531,717</u>	<u>3,619,156</u>
Total Primary Government Program Revenues	<u>\$ 15,912,667</u>	<u>\$ 16,145,917</u>	<u>\$ 16,080,550</u>	<u>\$ 18,275,443</u>	<u>\$ 17,561,233</u>	<u>\$ 19,062,065</u>	<u>\$ 20,500,765</u>	<u>\$ 18,491,198</u>	<u>\$ 20,205,536</u>	<u>\$ 20,454,159</u>
	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)

TOWN OF WINCHESTER, CONNECTICUT

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

Page 2 of 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Revenues (Expenses):										
Governmental Activities	\$ (22,441,647)	\$ (20,999,106)	\$ (20,968,539)	\$ (20,551,908)	\$ (22,202,185)	\$ (22,358,015)	\$ (21,187,265)	\$ (21,983,805)	\$ (21,566,468)	\$ (22,787,165)
Business-type Activities	(956,294)	(624,716)	(196,600)	381,976	(234,143)	(68,383)	243,950	(45,242)	(141,199)	(113,103)
Total Primary Government Net Expense	\$ (23,397,941)	\$ (21,623,822)	\$ (21,165,139)	\$ (20,169,932)	\$ (22,436,328)	\$ (22,426,398)	\$ (20,943,315)	\$ (22,029,047)	\$ (21,707,667)	\$ (22,900,268)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 20,820,308	\$ 20,828,728	\$ 20,720,481	\$ 23,977,690	\$ 22,563,841	\$ 22,693,437	\$ 23,220,525	\$ 23,671,362	\$ 24,221,642	\$ 24,228,706
Grants and Contributions Not Restricted to Specific Programs	622,394	-	-	322,157	334,480	275,647	475,567	1,438,792	578,580	580,970
Unrestricted Investment Earnings	44,360	3,451	268	84	240	227	41,920	109,476	240,749	193,301
Contributions to Permanent Fund Principal	-	-	-	3,369	2,877	2,550	2,550	2,792	2,757	-
Miscellaneous	449,522	84,106	105,287	1,239,163	424,294	126,873	90,129	62,573	90,673	58,060
Transfers	(215,838)	(213,269)	(251,923)	(110,480)	(78,653)	(68,514)	(66,288)	(63,960)	(58,958)	(57,520)
Total Governmental Activities	21,720,746	20,703,016	20,574,113	25,431,983	23,247,079	23,030,220	23,764,403	25,221,035	25,075,443	25,003,517
Business-type Activities:										
Unrestricted Investment Earnings	-	-	-	-	-	-	-	-	20,836	15,379
Transfers	215,838	213,269	251,923	110,480	78,653	68,514	66,288	63,960	58,958	57,520
Total Business-type Activities	215,838	213,269	251,923	110,480	78,653	68,514	66,288	63,960	79,794	72,899
Total Primary Government	\$ 21,936,584	\$ 20,916,285	\$ 20,826,036	\$ 25,542,463	\$ 23,325,732	\$ 23,098,734	\$ 23,830,691	\$ 25,284,995	\$ 25,155,237	\$ 25,076,416
Loss on Assets:										
Governmental Activities	\$ 484,079	\$ 401,978	\$ 70,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type Activities	52,992	47,825	13,615	-	-	-	-	-	-	-
Total Primary Government	\$ 537,071	\$ 449,803	\$ 84,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental Activities	\$ (1,204,980)	\$ (698,068)	\$ (465,133)	\$ 4,880,075	\$ 1,044,894	\$ 672,205	\$ 2,577,138	\$ 3,237,230	\$ 3,508,975	\$ 2,216,352
Business-type Activities	(793,448)	(459,272)	41,708	492,456	(155,490)	131	310,238	18,718	(61,405)	(40,204)
Total Primary Government	\$ (1,998,428)	\$ (1,157,340)	\$ (423,425)	\$ 5,372,531	\$ 889,404	\$ 672,336	\$ 2,887,376	\$ 3,255,948	\$ 3,447,570	\$ 2,176,148

TOWN OF WINCHESTER, CONNECTICUT
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable	\$ -	\$ 3,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-	450,000	1,085,000	1,373,037	1,032,933	1,812,446
Assigned	52,034	-	-	-	-	-	-	-	109,461	124,697
Unassigned	<u>(510,943)</u>	<u>(1,426,982)</u>	<u>(1,205,348)</u>	<u>3,526,109</u>	<u>5,163,031</u>	<u>5,724,511</u>	<u>6,246,790</u>	<u>6,788,756</u>	<u>6,964,634</u>	<u>7,184,823</u>
Total General Fund	<u>\$ (458,909)</u>	<u>\$ (1,423,932)</u>	<u>\$ (1,205,348)</u>	<u>\$ 3,526,109</u>	<u>\$ 5,163,031</u>	<u>\$ 6,174,511</u>	<u>\$ 7,331,790</u>	<u>\$ 8,161,793</u>	<u>\$ 8,107,028</u>	<u>\$ 9,121,966</u>
All Other Governmental Funds										
Nonspendable	\$ 507,907	\$ 2,508,983	\$ 2,679,098	\$ 2,098,898	\$ 1,763,036	\$ 1,505,939	\$ 1,489,209	\$ 1,451,413	\$ 187,376	\$ 187,376
Restricted	237,487	238,638	180,102	241,494	379,883	680,158	756,686	844,189	2,108,710	2,150,562
Committed	308,806	376,093	391,493	948,908	696,739	1,149,002	1,259,536	1,523,971	2,666,324	1,927,217
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>1,545,024</u>	<u>(624,456)</u>	<u>(711,709)</u>	<u>(716,106)</u>	<u>(703,609)</u>	<u>(682,491)</u>	<u>(669,933)</u>	<u>(679,399)</u>	<u>(682,286)</u>	<u>(706,786)</u>
Total All Other Governmental Funds	<u>\$ 2,599,224</u>	<u>\$ 2,499,258</u>	<u>\$ 2,538,984</u>	<u>\$ 2,573,194</u>	<u>\$ 2,136,049</u>	<u>\$ 2,652,608</u>	<u>\$ 2,835,498</u>	<u>\$ 3,140,174</u>	<u>\$ 4,280,124</u>	<u>\$ 3,558,369</u>

TOWN OF WINCHESTER, CONNECTICUT
 Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property Taxes, Interest and Lien Fees	\$ 20,736,727	\$ 20,667,970	\$ 20,900,669	\$ 23,758,932	\$ 22,479,091	\$ 22,967,681	\$ 23,531,260	\$ 23,659,495	\$ 24,088,716	\$ 24,245,991
Intergovernmental Revenue	12,921,397	12,520,941	12,411,437	13,940,209	13,758,449	15,046,049	15,493,882	13,539,810	14,777,820	15,488,356
Other local revenues	1,419,863	873,307	808,282	2,418,090	1,522,283	1,282,047	1,362,573	1,381,296	1,600,970	1,529,675
Total Revenues	<u>35,077,987</u>	<u>34,062,218</u>	<u>34,120,388</u>	<u>40,117,231</u>	<u>37,759,823</u>	<u>39,295,777</u>	<u>40,387,715</u>	<u>38,580,601</u>	<u>40,467,506</u>	<u>41,264,022</u>
Expenditures										
Current:										
Education	\$ 23,493,166	\$ 22,320,536	\$ 22,660,688	\$ 23,846,496	\$ 24,901,947	\$ 25,842,814	\$ 25,758,001	\$ 24,459,606	\$ 25,389,041	\$ 25,034,836
Program and Project Expenses	302,286	161,960	155,109	810,473	505,184	566,682	571,682	456,585	614,660	403,834
Public Safety	3,277,314	3,281,243	3,108,489	3,392,423	3,205,229	3,432,816	3,637,606	3,848,234	3,983,962	4,189,045
Public Works	1,959,313	1,731,088	1,548,594	1,725,019	1,712,751	1,947,597	1,903,058	2,028,108	1,977,215	2,109,140
Miscellaneous	583,544	555,000	514,425	402,436	504,794	433,930	877,666	609,604	536,341	737,208
General Government	2,665,573	3,050,201	3,226,659	2,870,365	2,981,403	3,034,766	3,464,873	3,098,815	2,884,839	3,145,359
Health	289,932	297,473	295,203	565,181	542,775	570,928	578,965	582,969	598,426	601,907
Parks and Recreation	206,805	219,716	176,353	186,958	196,636	253,191	253,516	248,833	280,836	387,656
Library	194,141	194,141	176,474	176,474	200,003	206,000	214,034	216,174	218,336	222,702
Waste Disposal and Recycling	335,869	405,320	204,965	222,812	196,247	198,356	225,040	200,940	202,949	202,950
Debt Service:										
Principal	425,000	508,000	508,000	526,582	535,768	558,253	552,016	569,651	573,831	545,358
Interest & Issuance Costs	290,134	270,484	202,821	222,622	166,124	166,269	131,350	121,162	122,388	83,212
Capital Outlay	1,320,985	1,516,798	761,668	952,001	788,956	487,622	1,164,640	1,073,581	2,049,912	3,250,112
Total Expenditures	<u>35,344,062</u>	<u>34,511,960</u>	<u>33,539,448</u>	<u>35,899,842</u>	<u>36,437,817</u>	<u>37,699,224</u>	<u>39,332,447</u>	<u>37,514,262</u>	<u>39,432,736</u>	<u>40,913,319</u>
Excess (Deficiency) of Revenues Over Expenditures	(266,075)	(449,742)	580,940	4,217,389	1,322,006	1,596,553	1,055,268	1,066,339	1,034,770	350,703
Other Financing Sources (Uses)										
Issuance of Bonds & GANS	-	-	-	2,000,000	-	-	-	-	-	-
Issuance of Capital Lease	415,000	-	-	-	-	-	351,189	132,300	109,373	-
Repayment of GANS	-	-	-	(2,000,000)	-	-	-	-	-	-
Transfers In	-	305,556	310,602	877,354	771,991	716,095	751,005	1,255,941	2,989,212	1,495,065
Transfers Out	(215,838)	(518,825)	(562,525)	(987,834)	(850,644)	(784,609)	(817,293)	(1,319,901)	(3,048,170)	(1,552,585)
Total Other Financing Sources (Uses)	<u>199,162</u>	<u>(213,269)</u>	<u>(251,923)</u>	<u>(110,480)</u>	<u>(78,653)</u>	<u>(68,514)</u>	<u>284,901</u>	<u>68,340</u>	<u>50,415</u>	<u>(57,520)</u>
Loss on Assets	<u>484,079</u>	<u>401,977</u>	<u>70,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(550,992)	(1,064,988)	258,310	4,106,909	1,243,353	1,528,039	1,340,169	1,134,679	1,085,185	293,183
Fund Balance at Beginning of Year	<u>2,691,307</u>	<u>2,140,314</u>	<u>1,075,326</u>	<u>1,992,394</u>	<u>6,055,727</u>	<u>7,299,080</u>	<u>8,827,119</u>	<u>10,167,288</u>	<u>11,301,967</u>	<u>12,387,152</u>
Fund Balance at End of Year	<u>\$ 2,140,315</u>	<u>\$ 1,075,326</u>	<u>\$ 1,333,636</u>	<u>\$ 6,099,303</u>	<u>\$ 7,299,080</u>	<u>\$ 8,827,119</u>	<u>\$ 10,167,288</u>	<u>\$ 11,301,967</u>	<u>\$ 12,387,152</u>	<u>\$ 12,680,335</u>
Debt Service as a Percentage to Noncapital Expenditures	2.10%	2.36%	2.17%	2.14%	1.97%	1.95%	1.79%	1.90%	1.86%	1.67%

Note: A \$1,653,229 prior period adjustment was recorded and the 2011 beginning fund balance was restated.
 Note: A \$658,758 prior period adjustment was recorded and the 2014 beginning fund balance was restated for the implementation of GASB 67.
 Note: A \$43,576 prior period adjustment was recorded and the 2015 beginning fund balance was restated to correct individual fund balances.

TOWN OF WINCHESTER, CONNECTICUT
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (In Thousands)

Table 5

Fiscal Year	Grand List Year (Oct 1)	Real Property		Personal Property		Total Taxable Assessed Value	Tax Exempt Property	Total Net Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Commercial Property	Motor Vehicles	Other						
2011	2009	\$ 568,892	\$ 107,905	\$ 60,423	\$ 85,848	\$ 823,068	\$ 9,237	\$ 813,831	24.43	\$ 1,162,616	70%
2012	2010	610,247	122,099	62,634	43,345	838,325	25,312	813,013	25.43	1,161,447	70%
2013	2011	611,083	121,991	65,524	44,215	842,813	24,598	818,215	25.43	1,168,879	70%
2014	2012	493,826	102,499	66,208	49,056	711,589	22,457	689,132	31.20	984,474	70%
2015	2013	494,082	101,804	67,187	50,791	713,864	22,917	690,947	31.91	987,067	70%
2016	2014	494,813	101,609	69,257	50,905	716,584	23,958	692,626	32.70	989,466	70%
2017	2015	495,159	102,081	69,359	52,692	719,291	25,499	693,792	33.54	991,131	70%
2018	2016	495,688	102,179	70,968	59,512	728,347	15,590	712,757	33.54	1,018,224	70%
2019	2017	510,574	104,491	73,641	61,675	750,381	36,135	714,246	33.54	1,020,351	70%
2020	2018	511,554	105,211	74,519	66,268	757,552	36,842	720,710	33.54	1,029,586	70%

Source: Assessor's Office - Town of Winchester, Connecticut

Note: By State law, property is assessed at 70% of actual value with periodic revaluation of real property. The estimated actual amount is the equalized grand list which is estimated by the State of Connecticut, Office of Policy and Management.

TOWN OF WINCHESTER, CONNECTICUT

Table 6

Principal Property Taxpayers
Current Year and Nine Years Ago

	2020				2011		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List		Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Connecticut Light and Power Co.	\$ 14,713,554	1	1.94%	Nineteen Twenty Three St. Marks	\$ 9,984,380	1	1.22%
Howmet Casting and Services	12,204,526	2	1.61%	Connecticut Light and Power Co.	8,738,900	2	1.07%
Yankee Gas	8,005,600	3	1.06%	Howmet Casting and Services	6,299,230	3	0.77%
Citizens Asset Finance, Inc.	4,715,733	4	0.62%	Yankee Gas	5,432,290	4	0.67%
Fifth Third Bank	3,415,104	5	0.45%	Litchfield Gardens Apartments	3,226,860	5	0.40%
Schaeffler Aerospace USA	3,112,862	6	0.41%	BNB Manufacturing	2,673,500	6	0.33%
Electric Motion Company	2,149,915	7	0.28%	MRC Bearings	2,403,920	7	0.29%
Keybank National Association	2,041,366	8	0.27%	Adam and Deannie Reeder	2,253,780	8	0.28%
DRT Aerospace LLC	1,791,655	9	0.24%	Barden Corporation	2,148,600	9	0.26%
SKF USA Inc	1,644,995	10	0.22%	Gilbert Clock Properties	2,051,000	10	0.25%
	<u>\$ 53,795,310</u>		<u>7.10%</u>		<u>\$ 45,212,460</u>		<u>5.54%</u>

Source: Town Assessor's office

TOWN OF WINCHESTER, CONNECTICUT
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 7

Fiscal Year	Tax Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 20,613,265	\$ 20,198,358	97.99%	\$ 405,065	\$ 20,603,423	99.95%
2012	20,735,196	20,224,636	97.54%	386,075	20,610,711	99.40%
2013	20,882,442	20,315,733	97.29%	392,391	20,708,124	99.17%
2014	23,715,401	23,020,269	97.07%	487,227	23,507,496	99.12%
2015	22,202,107	21,409,286	96.43%	526,228	21,935,514	98.80%
2016	22,816,003	22,223,820	97.40%	363,091	22,586,911	99.00%
2017	23,307,366	22,902,097	98.26%	287,409	23,189,506	99.49%
2018	23,943,044	23,190,371	96.86%	222,668	23,413,039	97.79%
2019	24,141,257	23,614,748	97.82%	191,955	23,806,703	98.61%
2020	24,313,385	23,798,621	97.88%	-	23,798,621	97.88%

Source: Town Assessor's office and Finance office

TOWN OF WINCHESTER, CONNECTICUT
 Ratios of Net General Bonded Debt to
 Assessed Value and Net General Bonded Debt per Capita
 Last Ten Fiscal Years

Table 8

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (2)	Percentage of Actual Taxable Value of Property (1)	Total Debt per Capita
	General Obligation Bonds	Notes	Capital Leases	General Obligation Bonds	Notes				
2011	\$ 5,466,000	\$ -	\$ 144,614	\$ 4,624,999	\$ 516,599	\$ 10,752,212	3.53%	0.92%	\$ 956
2012	5,041,000	332,000	85,092	3,860,000	488,057	\$ 9,806,149	3.08%	0.84%	\$ 866
2013	4,616,000	249,000	856	3,100,000	458,940	\$ 8,424,796	2.59%	0.72%	\$ 751
2014	4,196,000	166,000	43,047	2,520,000	429,236	\$ 7,354,283	2.26%	0.75%	\$ 657
2015	3,776,000	83,000	43,779	2,095,000	398,932	\$ 6,396,711	1.98%	0.65%	\$ 581
2016	3,356,000	-	113,894	1,685,000	368,017	\$ 5,522,911	1.61%	0.56%	\$ 505
2017	2,936,000	-	333,067	1,275,000	336,477	\$ 4,880,544	1.45%	0.49%	\$ 451
2018	2,516,000	-	315,716	865,000	304,301	\$ 4,001,017	1.21%	0.39%	\$ 372
2019	2,096,000	-	254,374	460,000	271,475	\$ 3,081,849	0.89%	0.30%	\$ 287
2020	1,676,000	-	129,016	305,000	237,987	\$ 2,348,003	0.66%	0.23%	\$ 220

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

¹ See Table 5 for taxable property value data

² See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Debt Limitation
 June 30, 2020

Table 9

Total Tax Collection, Including Interest and Lien Fees for Prior Fiscal Year	\$ 24,088,716
Reimbursement for Revenue Loss on:	
Tax Relief for Elderly and Disabled (Prior Year)	1,040
Base	<u>\$ 24,089,756</u>

	General Purposes (2.25 x base)	Schools (4.50 x base)	Sewers (3.75 x base)	Urban Renewal (3.25 x base)	Pension Deficit (3.00 x base)
Debt Limitation:					
Statutory Debt Limits by Function	\$ 54,201,951	\$ 108,403,902	\$ 90,336,585	\$ 78,291,707	\$ 72,269,268
Indebtedness:					
Bonds Payable	1,676,000	-	305,000	-	-
Clean Water Fund Loans	-	-	237,987	-	-
Authorized but Unissued Debt	-	17,109,925	-	-	-
Total Indebtedness	1,676,000	17,109,925	542,987	-	-
Debt Limitation in Excess of Debt*	\$ 52,525,951	\$ 91,293,977	\$ 89,793,598	\$ 78,291,707	\$ 72,269,268

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$168,628,292.

TOWN OF WINCHESTER, CONNECTICUT
 Legal Debt Margin Information
 Last Ten Fiscal Years

Table 10

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limitation	\$ 148,714,174	\$ 147,073,122	\$ 147,628,894	\$ 166,749,107	\$ 155,653,344	\$ 155,653,344	\$ 163,021,481	\$ 165,503,429	\$ 166,284,419	\$ 168,628,292
Total net debt applicable to limit	<u>\$ 11,022,599</u>	<u>\$ 9,389,057</u>	<u>\$ 8,174,940</u>	<u>\$ 7,145,236</u>	<u>\$ 6,269,932</u>	<u>\$ 5,409,017</u>	<u>\$ 4,547,477</u>	<u>\$ 3,685,301</u>	<u>\$ 2,827,475</u>	<u>\$ 19,328,912</u>
Legal debt margin	<u>\$ 137,691,575</u>	<u>\$ 137,684,065</u>	<u>\$ 139,453,954</u>	<u>\$ 159,603,871</u>	<u>\$ 149,383,412</u>	<u>\$ 150,244,327</u>	<u>\$ 158,474,004</u>	<u>\$ 161,818,128</u>	<u>\$ 163,456,944</u>	<u>\$ 149,299,380</u>
Total net debt applicable to the limit as a percentage of debt limit	7.41%	6.38%	5.54%	4.29%	4.03%	3.48%	2.79%	2.23%	1.70%	11.46%

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 base. The calculation of the 2020 debt limit can be found on Table 9 of this Report.

TOWN OF WINCHESTER, CONNECTICUT

Table 11

Debt Statement

For the Year Ended June 30, 2020

Direct Debt

General Obligation Bonds	\$ 1,981,000
Notes and Loans Payable	237,987
Capital Leases	<u>129,016</u>

Total Direct Debt 2,348,003

Total Net Direct Debt (a) 1,676,000

Overlapping Debt

-

Total Net Overall Debt \$ 1,676,000

(a) - Excludes leases and self-supporting water and sewer debt

TOWN OF WINCHESTER, CONNECTICUT

Table 12

Current Debt Ratios
June 30, 2020

1 Population	10,655
Net Taxable Grand List (10/1/18) (70%)	\$ 720,384,009
Estimated Full Value	\$ 1,029,120,000
1 Equalized Net Taxable Grand List (2018)	\$ 1,020,494,160
1 Per Capita Income	\$ 33,560

	<u>Total</u> <u>Direct Debt</u>	<u>Total Net</u> <u>Direct Debt</u>	<u>Total Net</u> <u>Overall Debt</u>
	\$ 2,348,003	\$ 1,676,000	\$ 1,676,000
Per Capita	\$ 220.37	\$ 157.30	\$ 157.30
Ratio to Net Taxable Grand List	0.33%	0.23%	0.23%
Ratio to Estimated Full Value	0.23%	0.16%	0.16%
Ratio to Equalized Net Taxable Grand List	0.23%	0.16%	0.16%
Debt per Capita to Money Income per Capita	0.66%	0.47%	0.47%

1 State of Connecticut Municipal Fiscal Indicators, Office of Policy and Management 2014-2018

TOWN OF WINCHESTER, CONNECTICUT

Table 13

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment (1)	Unemployment Rate (2)
2011	11,242	\$ 304,220	\$ 27,061	40	12+	948	8.6%
2012	11,328	317,875	28,061	44	12+	715	8.1
2013	11,216	325,758	29,044	43	12+	654	8.6
2014	11,189	324,973	29,044	44	12+	637	6.0
2015	11,013	323,584	29,382	44	12+	584	5.4
2016	10,929	343,990	31,475	47	12+	545	5.6
2017	10,829	336,240	31,050	47	12+	565	5.9
2018	10,754	329,535	30,643	47	12+	554	3.9
2019	10,739	347,546	32,363	48	12+	535	3.8
2020	10,655	357,582	33,560	48	12+	559	9.3

Sources: Population, personal income, median age and education level provided by U.S Department of Commerce, Bureau of Census and Department of Health Services, State of Connecticut

(1) Town of Winchester, Board of Education. Enrollment prior to 2012 includes grades K-8, subsequent to 2012 is grades K-6.

(2) State of Connecticut, Department of Labor

TOWN OF WINCHESTER, CONNECTICUT
Principal Employers
Current Year and Nine Years Ago

Table 14

Employer	2020			2011		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Winchester	290	1	5.00%	270	1	0.05%
Howmet Corporation	185	2	3.19%	185	2	0.03%
Electric Motion aka Hubbell Inc	130	3	2.24%	140	3	0.02%
NW CT Community College	100	4	1.72%	100	4	0.02%
Foothills Visiting Nurse/Home Care	65	5	1.12%	65	7	0.01%
Sterling Sintered Technologies	60	6	1.03%	55	9	0.01%
ICS	55	7	0.95%	55	8	0.01%
DRT Power Systems	51	8	0.88%			
SKF/MRC Plain Bearings	50	9	0.86%			
Northwest Community Bank	48	10	0.83%	85	5	0.01%
Superior Energy (formerly SCASCO)				40	10	0.01%
Homer D. Bronson Co.				70	6	0.01%

Source: Assessor's Office - Town of Winchester, Connecticut

TOWN OF WINCHESTER, CONNECTICUT
 Full-Time Equivalent Government Employees By Function/Program
 Last Ten Fiscal Years

Table 15

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<u>General Government</u>										
Management Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	8.0	5.5	6.0	6.0	6.0	6.0	4.0	7.0	7.0	7.0
Planning	-	-	1.0	1.0	1.0	1.0	-	-	-	2.0
Building	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other	6.0	6.0	7.0	8.0	8.0	8.0	9.0	8.0	9.0	8.0
<u>Public Safety</u>										
Officers	22.0	23.0	23.0	20.0	18.0	18.0	16.0	17.0	18.0	20.0
Civilians	2.0	4.0	5.0	5.0	4.0	3.0	4.0	4.0	4.0	5.0
<u>Public Works</u>										
	14.0	15.0	12.0	11.0	9.0	10.0	9.0	9.0	12.0	13.0
<u>Parks and Recreation</u>										
	2.0	2.0	2.0	-	1.0	-	-	-	-	1.0
<u>Water and Sewer Authority</u>										
	12.0	13.0	11.0	11.0	10.0	10.0	10.0	10.0	9.0	7.0
<u>Human Services</u>										
	2.0	2.0	2.0	-	-	-	-	-	-	-
<u>Town Properties</u>										
	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<u>Board of Education</u>										
Certified	70.0	72.0	71.0	72.0	71.0	66.0	73.0	67.0	62.0	67.0
Noncertified	82.3	92.0	64.0	85.0	73.0	85.0	70.0	71.0	82.0	71.0
Total	<u>226.3</u>	<u>240.5</u>	<u>210.0</u>	<u>225.0</u>	<u>207.0</u>	<u>213.0</u>	<u>201.0</u>	<u>199.0</u>	<u>209.0</u>	<u>207.0</u>

Sources: Various Town departments

Notes: a full-time employee is scheduled to work a minimum 1,820 hours per year (including vacation and sick leave).

TOWN OF WINCHESTER, CONNECTICUT
 Operating Indicators By Function/Program
 Last Ten Fiscal Years

Table 16

Page 1 of 2

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Workers Compensation										
Claims Processed	20	14	36	20	22	24	24	31	35	39
General Liability										
Claims Processed	6	19	6	14	6	30	27	17	9	27
Marriage Licenses Recorded	28	70	178	102	61	105	109	99	88	100
Birth Certificates Recorded	99	67	76	99	89	73	105	83	115	100
Death Certificates Recorded	106	97	117	106	125	121	125	125	130	128
Boards and Agencies										
Registered Voters	6,027	5,919	5,737	6,125	5,566	6,660	6,916	6,815	6,815	6,825
Elections and Referendums	1	4	2	5	4	4	4	7	3	2
Planning and Development										
Building Permits Issued	648	669	579	595	696	626	585	639	705	704
Rental Certificate of Occupancy Issued	121	190	48	78	40	67	28	66	90	239
Value of Building Permits	10,904,103	12,193,554	8,401,800	9,881,654	9,240,598	7,402,728	6,728,828	5,628,905	7,791,834	4,353,375
Public Safety										
Arrests	147	1,396	375	422	393	655	394	487	556	935
Parking Violations	232	186	321	199	198	499	96	872	1,197	1,200
Traffic Accidents	285	327	393	323	353	816	408	393	400	390
Traffic Stops	1,061	1,401	1,259	739	772	1,320	1,149	1,438	2,162	2,289
Police Calls	9,760	9,169	9,318	8,661	8,260	8,816	9,310	10,436	11,581	12,790
Animal Control Calls	212	350	217	160	362	624	204	307	409	550
Fire Dispatched	196	69	114	152	279	718	188	269	489	648
Ambulance Requests	237	1,044	954	897	1,142	1,284	1,245	1,357	1,737	1,569
Public Works										
Miles of Roads Maintained	81	81	81	81	81	81	81	81	81	81
Parks and Recreation										
Community Event Participants	620	745	702	655	506	452	325	1,538	1,750	1,250
Recreation Program Participants	740	855	865	844	740	627	1,550	1,468	1,520	1,595
Annual Participants	1,360	1,600	1,567	1,499	1,246	1,079	875	3,006	3,270	2,845

TOWN OF WINCHESTER, CONNECTICUT
 Operating Indicators By Function/Program
 Last Ten Fiscal Years

Table 16

Page 2 of 2

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Libraries										
Volumes in Collection	32,069	33,552	34,291	34,240	36,361	40,627	43,058	46,884	48,982	59,745
Collection Size	34,178	36,731	37,575	38,970	40,369	45,157	47,258	52,098	44,291	53,979
Senior Citizens										
Meals on Wheels										
Provided - Annually	21,796	29,966	34,100	32,570	35,170	36,108	35,793	37,802	37,802	37,600
Meals at Senior Center										
Provided - Annually	4,519	5,788	5,676	5,632	6,274	6,897	8,171	7,172	7,172	7,000
Van Rides Provided to										
Seniors - Annually	3,166	4,182	2,666	5,632	5,385	4,670	4,482	6,504	6,504	6,000
Senior Mini-Bus Trips -										
number of senior annually	88	90	115	378	179	206	143	793	793	850
NW Transit Rides										
for Winsted Residents	7,017	7,164	16,951	11,353						
Education										
Workers Compensation										
Claims Processed	11	34	32	48	51	16	25	22	17	13
Elementary Schools	1	1	1	1	2	2	2	2	2	2
Middle Schools	1	1	1	1	1	1	1	1	1	1
High Schools	1	1	1	1	1	1	1	1	1	1
Water										
New Connections	2	2	2	1	1	-	-	1	-	4
Water Main Breaks	4	4	6	4	3	-	1	3	4	7
Average Daily Consumption	0.79	0.90	1.03	0.94	0.99	0.93	0.93	0.85	0.85	0.98
(millions of gallons)										
Peak Daily Consumption	1.09	1.49	1.34	1.29	1.29	1.32	1.32	1.17	1.22	1.29
(millions of gallons)										
Sewer										
Average Daily Sewage	1.35	1.81	1.44	1.26	1.23	1.37	1.49	1.43	1.64	3
Treatment (mil. of gallons)										

Source(s): Various Town Departments

n/a - information not available

TOWN OF WINCHESTER, CONNECTICUT
 Capital Asset Statistics By Function/Program
 Last Ten Fiscal Years

Table 17

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<u>Public Safety</u>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	4	4	4	4	4	4	4	4	4	4
Zone Offices	1	1	1	1	1	1	1	1	1	1
Police Vehicles	16	16	12	11	11	12	12	12	6	9
Fire Vehicles	11	11	12	12	12	9	9	9	8	8
<u>Public Works</u>										
Miles of Town Roads	81	81	81	81	81	81	81	81	81	81
Traffic Signals	13	13	13	13	13	13	13	13	13	13
Public Works Vehicles and Equipment	65	60	55	54	54	54	54	54	54	54
<u>Parks and Recreation</u>										
Acreage	30	30	30	30	30	30	30	30	30	30
Parks and Greens	4	4	4	4	4	4	4	4	4	4
Athletic Fields	2	2	2	2	2	2	2	2	2	2
Playgrounds	3	3	3	3	3	3	3	3	3	3
<u>Public Libraries</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
<u>Senior Citizens</u>										
Community Center	1	1	1	1	1	1	1	1	1	1
Senior Mini-Buses	2	2	2	2	2	2	2	2	2	2
<u>Education</u>										
Schools	4	4	4	4	4	4	4	4	4	4
<u>Water</u>										
Water Mains (miles)	40	40	40	40	40	40	40	40	40	40
Fire Hydrants	350	350	350	350	350	350	350	350	350	350
Storage Capacity (millions of gallons)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<u>Sewer</u>										
Sanitary Sewers (miles)	40	40	40	40	40	40	40	40	40	40
Treatment Capacity (millions of gallons)	3	3	3	3	3	3	3	3	3	3

Sources: Various Town Departments