

TOWN OF WINCHESTER CONNECTICUT



**COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR
THE YEAR ENDED JUNE 30, 2019**

**TOWN OF WINCHESTER
CONNECTICUT**

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2019

Prepared By
Winchester Finance Department
Winsted, Connecticut 06098

TOWN OF WINCHESTER, CONNECTICUT

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Introductory Section

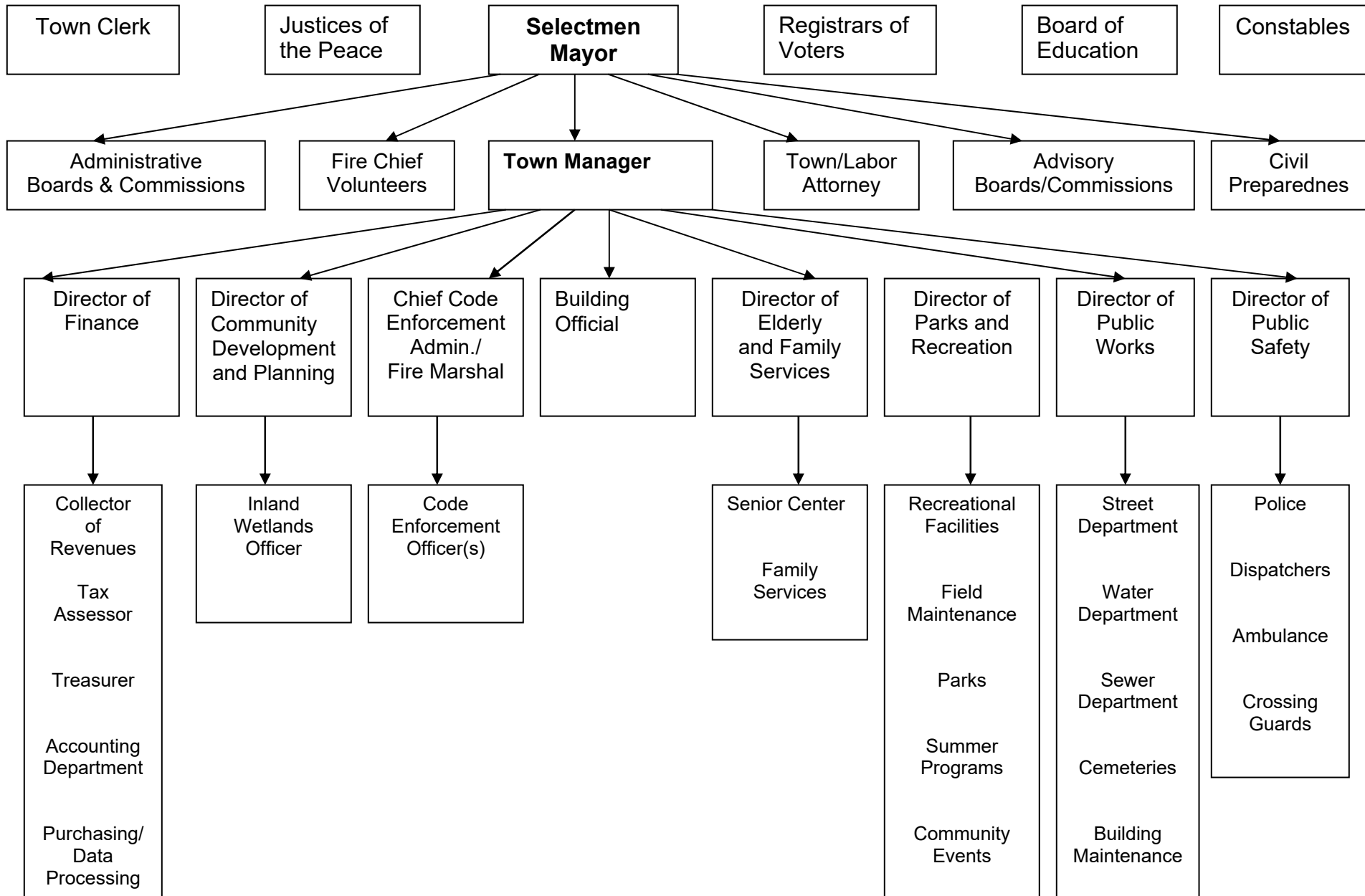
TOWN OF WINCHESTER, CONNECTICUT

List of Elected and Appointed Officials

As of June 30, 2019

<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
	Vacant Seat	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 5, 2019

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, 2019 (FY19). 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 FY19.

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, 2019. 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 2019, 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.

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).

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.

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

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 2013-2017 median household income was \$57,468, as compared to the State of Connecticut's \$73,781. 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%).

The Town lost its credit rating in 2013 after an embezzlement by a former finance director and delays in issuing financial reports. New personnel and substantially revised and implemented policies and procedures have significantly improved the Town's financial organization. Budgetary controls and a supplemental tax levied in November 2013, have greatly improved the Town's fiscal condition. At June 30, 2019 the Town's unassigned General Fund balance was \$6,964,634, which represents 21.3 percent of FY19 General Fund expenditures. Moody's Investor Services assigned an Issuer Rating of A1 to the Town on September 6, 2019.

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.

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.

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

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.

Redevelopment

During the fiscal year the Town saw significant progress in the redevelopment of various commercial and public interest properties:

- Completion of the 8,300 sf Community Health and Wellness Center on Center Street.
- Opening of the 4,000 sf Little Red Barn craft brewery in the Winsted Edgeworks facility on Lake Street.
- Completion of a 40-slip marina on Highland Lake.
- Groundbreaking for the 28,000 sf Hartford Hospital Urgent Care medical center on South Main Street.
- Renovation of three different convenience and gas station stores (total of 9,300 sf) on Route 44.
- Completion of the 14,000 sf American Mural Project facility on Whiting Street.
- Opening of the 24,000 sf Northwestern Connecticut Community College Joyner Health Science Center on South Main Street.
- \$100,000 repointing of the 129-year-old Soldier's Monument on Crown Street.

Labor Contracts

During the fiscal year the Town completed three-year extensions to three collective bargaining agreements that had expired on June 30, 2018. These extensions secured annual pay increases of two percent for the Assistants and Secretaries, the Supervisors and the Public Works employees. These bargaining units comprise approximately 40 employees.

Infrastructure

Since November 2018 the Town has reconstructed and/or resurfaced 2 miles of local roads. Preventive maintenance was performed on an additional 3.8 miles of local roads. Also during the fiscal year, the Town commenced replacement of the Sucker Brook bridge and signed a contract to replace the Lanson Road culvert. These projects will receive 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.

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,



Bruce B. Stratford CPA CFE CFF
Director of Finance

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

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Selectman
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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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

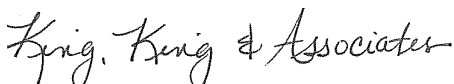
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winchester, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented 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 5, 2019 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 5, 2019

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2019

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, 2019.

Financial Highlights

- The assets of the Town of Winchester exceeded its liabilities at the close of the most recent fiscal year by \$72,912,131 (*net position*). Governmental activities reflect a negative unrestricted net position in the amount of (\$320,747) 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 \$3,147,427.
- The government's total net position increased by \$3,447,570.
- As of the close of the current fiscal year, the Town of Winchester's governmental funds reported combined ending fund balances of \$12,387,152, an increase of \$1,085,185 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 \$7,074,095 and \$8,107,028, 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 liabilities, 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, 2019

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-six (26) 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, 2019

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 \$72,912,131 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 15,611,090	\$ 14,577,279	\$ 3,416,011	\$ 3,428,969	\$ 19,027,101	\$ 18,006,248
Capital Assets	44,472,094	43,103,193	26,417,294	27,008,600	70,889,388	70,111,793
Total Assets	<u>60,083,184</u>	<u>57,680,472</u>	<u>29,833,305</u>	<u>30,437,569</u>	<u>89,916,489</u>	<u>88,118,041</u>
Deferred Outflows of Resources	2,655,912	1,777,855	29,574	39,432	2,685,486	1,817,287
Long-term Liabilities	13,740,983	13,658,749	886,919	1,403,073	14,627,902	15,061,822
Other Liabilities	2,381,979	2,492,759	160,888	197,451	2,542,867	2,690,210
Total Liabilities	<u>16,122,962</u>	<u>16,151,508</u>	<u>1,047,807</u>	<u>1,600,524</u>	<u>17,170,769</u>	<u>17,752,032</u>
Deferred Inflows of Resources	2,519,075	2,718,735	-	-	2,519,075	2,718,735
Net Position:						
Net Investment in Capital Assets	42,121,720	40,271,477	25,667,645	25,815,067	67,789,365	66,086,544
Restricted	2,296,086	2,294,074	-	-	2,296,086	2,294,074
Unrestricted	(320,747)	(1,977,467)	3,147,427	3,061,410	2,826,680	1,083,943
Total Net Position	<u>\$ 44,097,059</u>	<u>\$ 40,588,084</u>	<u>\$ 28,815,072</u>	<u>\$ 28,876,477</u>	<u>\$ 72,912,131</u>	<u>\$ 69,464,561</u>

\$67,789,365 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.

\$1,309,040 of the restricted portion of the Town of Winchester's net position represents net position restricted for Community Development, \$47,351 is restricted for Soldiers Monument Restoration, \$184,911 is restricted for Grants & Donations, and \$327,589 is restricted for other purposes. The remaining restricted portion, \$427,195, represents net position restricted for purposes of trust. Unrestricted net position in the amount of \$2,826,680 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, 2019

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 24,221,642	\$ 23,671,362	\$ -	\$ -	\$ 24,221,642	\$ 23,671,362
Unrestricted Grants & Contributions	578,580	1,438,792	-	-	578,580	1,438,792
Unrestricted Investment Income	240,749	109,476	20,836	-	261,585	109,476
Other General Revenues, Net	90,673	62,573	-	-	90,673	62,573
<i>Program Revenues:</i>						
Charges for Services	1,069,355	886,718	3,531,717	3,615,611	4,601,072	4,502,329
Operating Grants and Contributions	15,275,512	13,813,593	-	-	15,275,512	13,813,593
Capital Grants and Contributions	328,952	175,276	-	-	328,952	175,276
Total Revenues	<u>41,805,463</u>	<u>40,157,790</u>	<u>3,552,553</u>	<u>3,615,611</u>	<u>45,358,016</u>	<u>43,773,401</u>
EXPENSES						
<i>Governmental Activities:</i>						
General Government	2,980,847	2,979,380	-	-	2,980,847	2,979,380
Public Safety	4,512,892	4,228,958	-	-	4,512,892	4,228,958
Public Works	2,800,234	3,019,953	-	-	2,800,234	3,019,953
Health	469,359	454,403	-	-	469,359	454,403
Library	218,336	216,174	-	-	218,336	216,174
Parks and Recreation	308,839	274,774	-	-	308,839	274,774
Waste Disposal and Recycling	202,949	200,940	-	-	202,949	200,940
Interest on Long-Term Debt	105,504	121,162	-	-	105,504	121,162
Education	26,641,327	25,363,648	-	-	26,641,327	25,363,648
<i>Business-Type Activities:</i>						
Waterworks	-	-	1,666,615	1,703,776	1,666,615	1,703,776
Sewer	-	-	2,006,301	1,957,077	2,006,301	1,957,077
Total Expenses	<u>38,240,287</u>	<u>36,859,392</u>	<u>3,672,916</u>	<u>3,660,853</u>	<u>41,913,203</u>	<u>40,520,245</u>
Change in Net Position Before Transfers, and Contributions to Permanent Funds	<u>3,565,176</u>	<u>3,298,398</u>	<u>(120,363)</u>	<u>(45,242)</u>	<u>3,444,813</u>	<u>3,253,156</u>
Transfers	(58,958)	(63,960)	58,958	63,960	-	-
Contributions to Permanent Funds	2,757	2,792	-	-	2,757	2,792
Change in Net Position	3,508,975	3,237,230	(61,405)	18,718	3,447,570	3,255,948
Beginning Net Position	<u>40,588,084</u>	<u>37,350,854</u>	<u>28,876,477</u>	<u>28,857,759</u>	<u>69,464,561</u>	<u>66,208,613</u>
Ending Net Position	<u>\$ 44,097,059</u>	<u>\$ 40,588,084</u>	<u>\$ 28,815,072</u>	<u>\$ 28,876,477</u>	<u>\$ 72,912,131</u>	<u>\$ 69,464,561</u>

Governmental Activities

Governmental activities increased the Town of Winchester's net position by \$3,508,975. 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, 2019

Major revenue factors include:

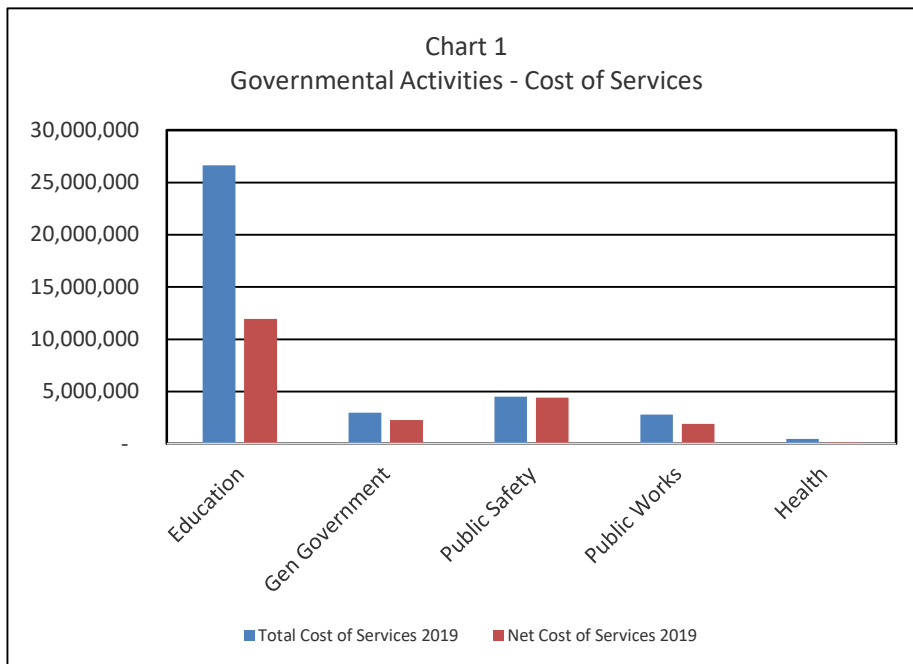
- \$755,000 net increase (5%) in Grants and Contributions primarily related to the Education function (\$1.5 million) as the Board of Education qualified for state assistance under the Alliance District program partially offset by a \$950,000 decrease in real estate donations to the Town.
- \$550,000 increase (2%) in Property Taxes due to higher collection rates and a 0.2% growth in the grand list with its increased tax levy. The mil rate remained unchanged at 33.54.

For Governmental Activities, 70% of the Town's expenses relate to education, 13% relate to public safety and health, 7% relate to public works, and the remaining 10% relates to government and community services, administration, and other areas.

Major expense factors include:

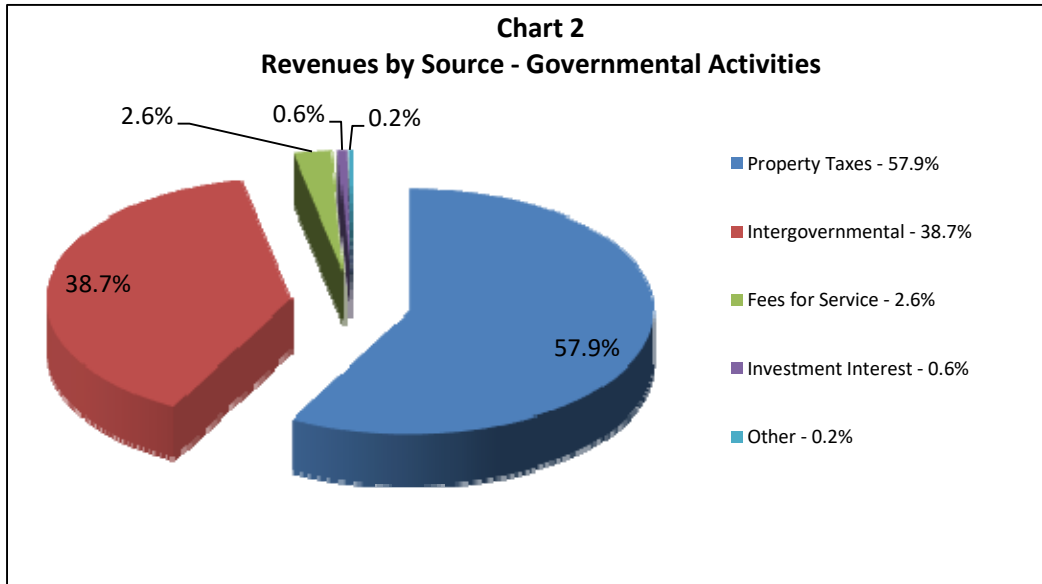
- \$1,278,000 increase (5%) in Education expense primarily due to related higher education grants.
- \$284,000 increase (7%) in Public Safety expense primarily due to full staffing of the police force and wage increases.
- \$219,000 decrease (7%) in Public Works expense primarily due to reduced roadway and bridge improvements consistent with fiscal year 2019 funding appropriations.

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
 June 30, 2019

Chart 2 presents the various sources of revenue that fund Town operations. The percentages indicate what part of the whole each segment represents.

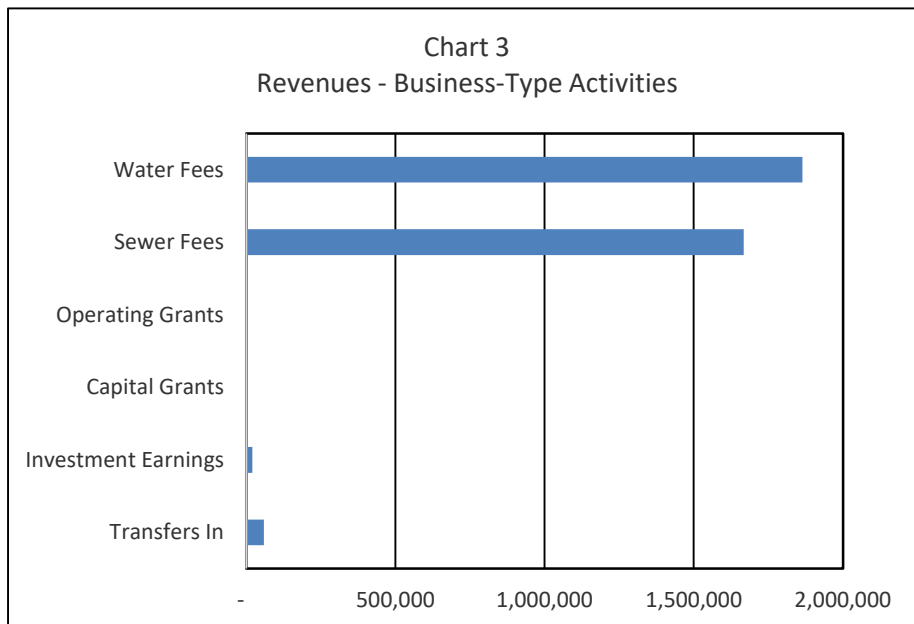


Business-Type activities

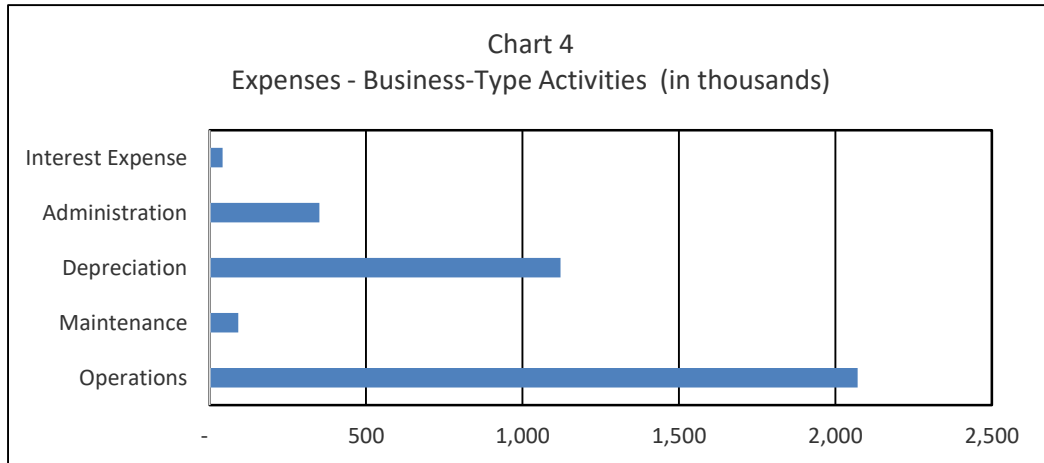
Business-type activities decreased the Town of Winchester's net position by \$61,405. Ninety-nine percent (99%) of the revenues of the business-type activities were derived from charges for services and less than one percent (1%) was from investment income. Key elements of enterprise fund performance are as follows:

- Total revenues decreased by \$63,000 (2%) compared to the previous year's revenues.
- Total expenses increased by \$12,000 (0.3%) compared to the previous year's expenses.

Charts 3 and 4 reflect the water/sewer utility operations for fiscal year 2019 regarding sources of revenue and classes of expenses.



TOWN OF WINCHESTER, CONNECTICUT
 Management's Discussion and Analysis
 June 30, 2019



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 \$12,387,152, an increase of \$1,085,185 in comparison with the prior year.

General Fund. The General Fund is the chief operating fund of the Town of Winchester. At June 30, 2019, the General Fund's fund balance was \$8,107,028 of which \$232,933 was committed to education and \$800,000 was committed to capital improvements. There was also \$109,461 assigned to general government encumbrances. The remaining \$6,964,634 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, 2019, unassigned and total General Fund balances represented 21.3% and 24.7% of total General Fund expenditures, respectively.

The fund balance of the Town of Winchester's General Fund decreased by \$54,765 during the current fiscal year.

Sewer Assessment Fund. The fund balance of the Sewer Assessment Fund decreased by \$2,887 during the current fiscal year due to collections of \$91,282, less the transfer out of \$94,169.

Capital Improvements Fund. The fund balance of the Capital Improvements Fund increased by \$1,140,986 during the current fiscal year. The increase is mainly due to the appropriation from the General Fund of \$2,843,012 less the current year's capital outlay expenditures.

TOWN OF WINCHESTER, CONNECTICUT

Management's Discussion and Analysis

June 30, 2019

General Fund Budgetary Highlights

The General Fund Budgetary Highlights are as follows:

- \$492,000 of intergovernmental revenues in excess of budget.
- \$256,000 of other local revenues in excess of budget primarily due to investment income of \$124,000.
- \$128,000 of expenditure savings in the Education function. These funds have been transferred to a non-lapsing Education function account as permitted by Connecticut statutes.
- \$109,000 of expenditure savings in the General Government function.
- \$89,000 of property taxes, interest and lien fees collected in excess of budget.
- \$78,000 of expenditure savings in the Public Works function.
- Offset by \$1,349,000 of Fund Balance transfers representing funds appropriated in prior years primarily for capital improvements.

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, 2019, amounts to \$70,889,388 (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.)
- Water main renovation on South Main Street.
- Engineering plans for Town improvements.

	<u>2019</u>	<u>2018</u>
<i>Governmental Activities:</i>		
Land	\$ 25,839,045	\$ 25,839,045
Construction in Progress	1,056,112	359,049
Buildings	1,825,064	1,869,331
Improvements	2,419,307	2,305,277
Machinery and Equipment	3,330,220	2,969,698
Infrastructure	10,002,346	9,760,793
	<u>\$ 44,472,094</u>	<u>\$ 43,103,193</u>

TOWN OF WINCHESTER, CONNECTICUT

Management's Discussion and Analysis

June 30, 2019

	<u>2019</u>	<u>2018</u>
<i>Business-type Activities:</i>		
Land	\$ 92,847	\$ 92,847
Construction in Progress	85,840	60,263
Buildings	16,480,826	17,191,642
Improvements	1,318,527	1,377,946
Machinery and Equipment	278,914	260,739
Infrastructure	8,160,340	8,025,163
	<u>\$ 26,417,294</u>	<u>\$ 27,008,600</u>

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	\$ 2,096,000	Aug. 2023
8/15/2002	Sewer	2.00-5.00	6,290,000	460,000	June 2022
<u>Other</u>					
1/31/2008	Clean Water Fund Loans	2.00	642,019	<u>271,475</u>	Jan. 2027
	Total			<u>\$ 2,827,475</u>	

The Town of Winchester's total borrowings decreased by \$857,826 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

- 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, 2019

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 13,298,295	\$ 1,925,259	\$ 15,223,554
Investments	101,734	-	101,734
Receivables, Net of Allowance	2,620,265	213,913	2,834,178
Other Assets	2,311	856,161	858,472
Internal Balances	(420,678)	420,678	-
Prepaid Expenses	9,163	-	9,163
Capital Assets:			
Assets Not Being Depreciated	26,895,157	178,687	27,073,844
Assets Being Depreciated, Net	17,576,937	26,238,607	43,815,544
Total Assets	<u>\$ 60,083,184</u>	<u>\$ 29,833,305</u>	<u>\$ 89,916,489</u>
Deferred Outflows of Resources:			
Deferred Outflows - Pension and OPEB	2,655,912	-	2,655,912
Deferred Charge on Refunding	-	29,574	29,574
Total Deferred Outflows of Resources	<u>2,655,912</u>	<u>29,574</u>	<u>2,685,486</u>
Liabilities:			
Accounts Payable and Accrued Items	\$ 2,038,914	\$ 160,888	\$ 2,199,802
Due to Other Governments	153,130	-	153,130
Unearned Revenue:			
Grants	189,935	-	189,935
Noncurrent Liabilities:			
Due Within One Year	886,501	259,849	1,146,350
Due In More Than One Year	12,854,482	627,070	13,481,552
Total Liabilities	<u>16,122,962</u>	<u>1,047,807</u>	<u>17,170,769</u>
Deferred Inflows of Resources:			
Deferred Inflows - Pension and OPEB	2,519,075	-	2,519,075
Total Deferred Inflows of Resources	<u>2,519,075</u>	<u>-</u>	<u>2,519,075</u>
Net Position:			
Net Investment in Capital Assets	42,121,720	25,667,645	67,789,365
Restricted for Community Development	1,309,040	-	1,309,040
Restricted for Soldiers Monument Restoration	47,351	-	47,351
Restricted for Grants & Donations	184,911	-	184,911
Restricted for Other Purposes	327,589	-	327,589
Restricted for Purposes of Trust:			
Nonexpendable	187,376	-	187,376
Expendable	239,819	-	239,819
Unrestricted	(320,747)	3,147,427	2,826,680
Total Net Position	<u>\$ 44,097,059</u>	<u>\$ 28,815,072</u>	<u>\$ 72,912,131</u>

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, 2019

					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Program Revenues			Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Functions/Program Activities							
Governmental Activities:							
General Government	\$ 2,980,847	\$ 558,891	\$ 128,948	\$ -	\$ (2,293,008)	\$ -	\$ (2,293,008)
Library	218,336	-	-	-	(218,336)	-	(218,336)
Waste Disposal and Recycling	202,949	-	-	-	(202,949)	-	(202,949)
Public Safety	4,512,892	70,599	15,716	-	(4,426,577)	-	(4,426,577)
Public Works	2,800,234	250,000	300,203	328,952	(1,921,079)	-	(1,921,079)
Health	469,359	64,487	255,997	-	(148,875)	-	(148,875)
Parks and Recreation	308,839	20,000	-	-	(288,839)	-	(288,839)
Education	26,641,327	105,378	14,574,648	-	(11,961,301)	-	(11,961,301)
Interest on Long-Term Debt	105,504	-	-	-	(105,504)	-	(105,504)
Total Governmental Activities	<u>38,240,287</u>	<u>1,069,355</u>	<u>15,275,512</u>	<u>328,952</u>	<u>(21,566,468)</u>	<u>-</u>	<u>(21,566,468)</u>
Business-Type Activities:							
Waterworks	1,666,615	1,864,514	-	-	-	197,899	197,899
Sewer	<u>2,006,301</u>	<u>1,667,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(339,098)</u>	<u>(339,098)</u>
Total Business-Type Activities	<u>3,672,916</u>	<u>3,531,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(141,199)</u>	<u>(141,199)</u>
Total Primary Government	<u>\$ 41,913,203</u>	<u>\$ 4,601,072</u>	<u>\$ 15,275,512</u>	<u>\$ 328,952</u>	<u>(21,566,468)</u>	<u>(141,199)</u>	<u>(21,707,667)</u>
General Revenues:							
Property Taxes					24,221,642	-	24,221,642
Grants and Contributions not Restricted to Specific Programs					578,580	-	578,580
Unrestricted Investment Earnings					240,749	20,836	261,585
Miscellaneous					90,673	-	90,673
Contributions to Permanent Fund Principal					2,757	-	2,757
Transfers					(58,958)	58,958	-
Total General Revenues and Transfers					<u>25,075,443</u>	<u>79,794</u>	<u>25,155,237</u>
Change in Net Position					3,508,975	(61,405)	3,447,570
Net Position at Beginning of Year					<u>40,588,084</u>	<u>28,876,477</u>	<u>69,464,561</u>
Net Position at End of Year					<u>\$ 44,097,059</u>	<u>\$ 28,815,072</u>	<u>\$ 72,912,131</u>

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

TOWN OF WINCHESTER, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2019

	General	Federal and State Education Grants Fund	Sewer Assessment	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 10,774,279	\$ -	\$ -	\$ 1,163,442	\$ 1,360,574	\$ 13,298,295
Investments	101,734	-	-	-	-	101,734
Receivables, Net of Allowance	599,563	-	210,439	371,584	1,272,687	2,454,273
Prepaid Expenditures	9,163	-	-	-	-	9,163
Due from Other Funds	401,200	189,935	-	1,349,012	165,021	2,105,168
Other Assets	-	-	-	-	2,311	2,311
Total Assets	<u>\$ 11,885,939</u>	<u>\$ 189,935</u>	<u>\$ 210,439</u>	<u>\$ 2,884,038</u>	<u>\$ 2,800,593</u>	<u>\$ 17,970,944</u>
Liabilities						
Accounts Payable and Accrued Items	\$ 1,540,622	\$ -	\$ 911	\$ 411,930	\$ 85,451	\$ 2,038,914
Due to Other Funds	1,772,761	-	681,375	39,463	32,247	2,525,846
Due to Other Governments	-	-	-	-	153,130	153,130
Unearned Revenue:						
Grants	-	189,935	-	-	-	189,935
Total Liabilities	<u>3,313,383</u>	<u>189,935</u>	<u>682,286</u>	<u>451,393</u>	<u>270,828</u>	<u>4,907,825</u>
Deferred Inflows of Resources						
Unavailable Revenue:						
Property Taxes	465,528	-	-	-	-	465,528
Sewer Assessment Charges	-	-	210,439	-	-	210,439
Total Deferred Inflows of Resources	<u>465,528</u>	<u>-</u>	<u>210,439</u>	<u>-</u>	<u>-</u>	<u>675,967</u>
Fund Balances						
Nonspendable	-	-	-	-	187,376	187,376
Restricted	-	-	-	-	2,108,710	2,108,710
Committed	1,032,933	-	-	2,432,645	233,679	3,699,257
Assigned	109,461	-	-	-	-	109,461
Unassigned	6,964,634	-	(682,286)	-	-	6,282,348
Total Fund Balances	<u>8,107,028</u>	<u>-</u>	<u>(682,286)</u>	<u>2,432,645</u>	<u>2,529,765</u>	<u>12,387,152</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,885,939</u>	<u>\$ 189,935</u>	<u>\$ 210,439</u>	<u>\$ 2,884,038</u>	<u>\$ 2,800,593</u>	<u>\$ 17,970,944</u>

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, 2019

Fund balances reported in governmental funds Balance Sheet \$ 12,387,152

**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>	76,352,067
<i>Depreciation</i>	(31,879,973)

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

<i>Property taxes receivable greater than 60 days</i>	465,528
<i>Sewer assessments receivable greater than 60 days</i>	210,439
<i>Interest receivable on property taxes</i>	155,970
<i>Interest receivable on sewer assessments</i>	10,022

Certain changes related to pensions are deferred and amortized over time. 136,837

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>	(2,096,000)
<i>Net Pension Liability</i>	(4,406,308)
<i>Net Pension Liability - MERS</i>	(2,685,922)
<i>OPEB liability</i>	(2,464,331)
<i>Capital leases payable</i>	(254,374)
<i>Claims and judgments</i>	(857,261)
<i>Compensated Absences</i>	<u>(976,787)</u>

Net position of governmental activities \$ 44,097,059

TOWN OF WINCHESTER, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General	Federal and State Education Grants Fund	Sewer Assessment	Capital Improvements Fund	Nonmajor Governmental Funds	Total
Revenues						
Property Taxes, Interest and Lien Fees	\$ 24,088,716	\$ -	\$ -	\$ -	\$ -	\$ 24,088,716
Intergovernmental Revenues	10,342,086	3,589,368	-	328,952	517,414	14,777,820
Interest and Dividends	204,458	-	-	21,282	15,009	240,749
Charges for Services	593,402	-	91,282	-	202,808	887,492
Licenses, Fees and Permits	255,383	-	-	-	-	255,383
Other Revenue	90,141	-	-	-	127,205	217,346
Total Revenues	<u>35,574,186</u>	<u>3,589,368</u>	<u>91,282</u>	<u>350,234</u>	<u>862,436</u>	<u>40,467,506</u>
Expenditures						
Current:						
General Government	2,873,740	-	-	-	11,099	2,884,839
Library	218,336	-	-	-	-	218,336
Miscellaneous	536,341	-	-	-	-	536,341
Waste Disposal and Recycling	202,949	-	-	-	-	202,949
Public Safety	3,954,879	-	-	-	29,083	3,983,962
Public Works	1,977,215	-	-	-	-	1,977,215
Health	342,429	-	-	-	255,997	598,426
Parks and Recreation	280,836	-	-	-	-	280,836
Education	21,450,306	3,589,368	-	-	349,367	25,389,041
Program and Project Expenditures	388,918	-	-	-	225,742	614,660
Debt Service:						
Principal Retirement	403,116	-	-	170,715	-	573,831
Interest	109,585	-	-	12,803	-	122,388
Capital Outlay	-	-	-	1,978,115	71,797	2,049,912
Total Expenditures	<u>32,738,650</u>	<u>3,589,368</u>	<u>-</u>	<u>2,161,633</u>	<u>943,085</u>	<u>39,432,736</u>
Excess/(Deficiency) of Revenues over Expenditures	2,835,536	-	91,282	(1,811,399)	(80,649)	1,034,770
Other Financing Sources/(Uses)						
Issuance of Capital Leases	-	-	-	109,373	-	109,373
Transfers In	47,711	-	-	2,843,012	98,489	2,989,212
Transfers Out	(2,938,012)	-	(94,169)	-	(15,989)	(3,048,170)
Total Other Financing Sources/(Uses)	<u>(2,890,301)</u>	<u>-</u>	<u>(94,169)</u>	<u>2,952,385</u>	<u>82,500</u>	<u>50,415</u>
Net Change in Fund Balances	(54,765)	-	(2,887)	1,140,986	1,851	1,085,185
Fund Balances at Beginning of Year	<u>8,161,793</u>	<u>-</u>	<u>(679,399)</u>	<u>1,291,659</u>	<u>2,527,914</u>	<u>11,301,967</u>
Fund Balances at End of Year	<u>\$ 8,107,028</u>	<u>\$ -</u>	<u>\$ (682,286)</u>	<u>\$ 2,432,645</u>	<u>\$ 2,529,765</u>	<u>\$ 12,387,152</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, 2019

Net change in fund balances - total governmental funds \$ 1,085,185

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>	2,546,493
<i>Depreciation expense</i>	(1,178,124)
<i>Gain on disposal</i>	532

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

<i>Property taxes collected accrual basis change</i>	66,005
<i>Sewer assessment revenue accrual basis change</i>	(73,520)
<i>Interest income on property taxes</i>	70,576
<i>Interest income on sewer assessments</i>	(3,655)

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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<i>Amortization of deferred outflows related to pension and OPEB benefits</i>	878,057
<i>Amortization of deferred inflows related to pension and OPEB benefits</i>	199,660

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>	61,342
<i>Net Pension Liability</i>	(470,554)
<i>Net Pension Liability - MERS</i>	(1,305,899)
<i>OPEB liability</i>	1,133,679
<i>Claims and judgments</i>	65,349
<i>Early retirement incentives</i>	26,000
<i>Compensated Absences</i>	<u>(12,151)</u>

Change in net position of governmental activities \$ 3,508,975

TOWN OF WINCHESTER, CONNECTICUT

Statement of Fund Net Position

Proprietary Funds

June 30, 2019

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,052,376	\$ 872,883	\$ 1,925,259
Rents and Assessments Receivable, Net	94,107	97,452	191,559
Interest Receivable	11,671	10,683	22,354
Accrued Utility Reserve	465,694	390,467	856,161
Total Current Assets	<u>1,623,848</u>	<u>1,371,485</u>	<u>2,995,333</u>
Noncurrent Assets:			
Due from Other Funds	140,282	681,375	821,657
Nondepreciable Capital Assets	123,475	55,212	178,687
Capital Assets, Net of Accumulated Deprecation	13,051,164	13,187,443	26,238,607
Total Noncurrent Assets	<u>13,314,921</u>	<u>13,924,030</u>	<u>27,238,951</u>
Total Assets	<u>\$ 14,938,769</u>	<u>\$ 15,295,515</u>	<u>\$ 30,234,284</u>
Deferred Outflows of Resources			
Unamortized Bond Costs	<u>-</u>	<u>29,574</u>	<u>29,574</u>
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Items	\$ 59,326	\$ 101,562	\$ 160,888
Due to Other Funds	-	400,979	400,979
Current Portion of Long-Term Debt	37,756	222,093	259,849
Total Current Liabilities	<u>97,082</u>	<u>724,634</u>	<u>821,716</u>
Noncurrent Liabilities:			
Compensated Absences	53,006	18,961	71,967
Clean Water Fund Loans	-	237,987	237,987
Bonds Payable	-	317,116	317,116
Total Noncurrent Liabilities	<u>53,006</u>	<u>574,064</u>	<u>627,070</u>
Total Liabilities	<u>150,088</u>	<u>1,298,698</u>	<u>1,448,786</u>
Deferred Inflows of Resources			
	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Net Investment in Capital Assets	13,174,639	12,493,006	25,667,645
Unrestricted	1,614,042	1,533,385	3,147,427
Total Net Position	<u>\$ 14,788,681</u>	<u>\$ 14,026,391</u>	<u>\$ 28,815,072</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, 2019

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 1,822,507	\$ 1,633,215	\$ 3,455,722
Fines, Penalties and Interest	<u>42,007</u>	<u>33,988</u>	<u>75,995</u>
Total Operating Revenues	<u>1,864,514</u>	<u>1,667,203</u>	<u>3,531,717</u>
OPERATING EXPENSES			
Operations	1,018,050	1,052,626	2,070,676
Maintenance	7,892	82,655	90,547
Depreciation Expense	466,037	654,586	1,120,623
Administration	<u>171,924</u>	<u>178,605</u>	<u>350,529</u>
Total Operating Expenses	<u>1,663,903</u>	<u>1,968,472</u>	<u>3,632,375</u>
Operating Income/(Loss)	200,611	(301,269)	(100,658)
NONOPERATING EXPENSES			
Interest Income	10,418	10,418	20,836
Interest Expense	<u>(2,712)</u>	<u>(37,829)</u>	<u>(40,541)</u>
Total Nonoperating Expenses	<u>7,706</u>	<u>(27,411)</u>	<u>(19,705)</u>
Income/(Loss) before Transfers, and Other Changes	<u>208,317</u>	<u>(328,680)</u>	<u>(120,363)</u>
Transfers:			
Transfers In	-	94,169	94,169
Transfers Out	<u>-</u>	<u>(35,211)</u>	<u>(35,211)</u>
Total Transfers	<u>-</u>	<u>58,958</u>	<u>58,958</u>
Change in Net Position	208,317	(269,722)	(61,405)
Net Position - Beginning of Year	<u>14,580,364</u>	<u>14,296,113</u>	<u>28,876,477</u>
Net Position - End of Year	<u>\$ 14,788,681</u>	<u>\$ 14,026,391</u>	<u>\$ 28,815,072</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, 2019

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers and Users	\$ 1,861,513	\$ 1,671,582	\$ 3,533,095
Receipts from Interfund Services	11,880	11,880	23,760
Payments to Employees	(164,401)	(258,398)	(422,799)
Payments to Suppliers	<u>(1,092,772)</u>	<u>(1,105,014)</u>	<u>(2,197,786)</u>
Net Cash Provided by Operating Activities	<u>616,220</u>	<u>320,050</u>	<u>936,270</u>
Cash Flows from Noncapital Financing Activities:			
Advance/(Repayment) from General Fund	(66,346)	(221,977)	(288,323)
Advance/(Repayment) from Sewer Assessments	-	(2,964)	(2,964)
Advance/(Repayment) from Proprietary Funds	<u>(13,291)</u>	<u>13,291</u>	<u>-</u>
Net Cash Used by Noncapital Financing Activities	<u>(79,637)</u>	<u>(211,650)</u>	<u>(291,287)</u>
Cash Flows from Capital and Related Financing Activities:			
Principal Payments on Bonds Payable	(250,000)	(155,000)	(405,000)
Principal Payments on Clean Water Fund Loans	-	(32,826)	(32,826)
Principal Payments on General Fund Bonds Payable	-	(29,000)	(29,000)
Purchase of Capital Assets	(495,251)	(34,066)	(529,317)
Interest Paid on Bonds Payable and Clean Water Fund Loans	(2,712)	(40,240)	(42,952)
Highland Lake Assessments	<u>-</u>	<u>94,169</u>	<u>94,169</u>
Net Cash Used by Capital and Related Financing Activities	<u>(747,963)</u>	<u>(196,963)</u>	<u>(944,926)</u>
Cash Flows from Investing Activities:			
Interest Income	<u>10,418</u>	<u>10,418</u>	<u>20,836</u>
Net Cash Provided by Investing Activities	<u>10,418</u>	<u>10,418</u>	<u>20,836</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(200,962)	(78,145)	(279,107)
Cash and Cash Equivalents at Beginning of Year	<u>1,253,338</u>	<u>951,028</u>	<u>2,204,366</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,052,376</u>	<u>\$ 872,883</u>	<u>\$ 1,925,259</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	<u>\$ 200,611</u>	<u>\$ (301,269)</u>	<u>\$ (100,658)</u>
Adjustments to Reconcile Income to Net Cash Provided by Operating Activities:			
Depreciation	466,037	654,586	1,120,623
Change in Assets and Liabilities:			
(Increase) Decrease in Rents Receivable	(8,251)	(3,818)	(12,069)
(Increase) Decrease in Interest Receivable	(5,707)	(4,762)	(10,469)
(Increase) Decrease in Accrued Utility Reserve	22,837	24,839	47,676
Increase (Decrease) in Accounts Payable and Accrued Expenses	(66,830)	30,267	(36,563)
Increase (Decrease) in Accrued Vacation and Sick Leave Benefits	<u>7,523</u>	<u>(79,793)</u>	<u>(72,270)</u>
Total Adjustments	<u>415,609</u>	<u>621,319</u>	<u>1,036,928</u>
Net Cash Provided by Operating Activities	<u>\$ 616,220</u>	<u>\$ 320,050</u>	<u>\$ 936,270</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, 2019

	<u>Pension</u> <u>Trust Fund</u>	<u>Agency</u> <u>Funds</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ 57,949
Investments, at Fair Value:		
Short-Term Investments	43,139	-
Mutual Funds	<u>8,760,298</u>	<u>-</u>
Total Investments, at Fair Value	<u>8,803,437</u>	<u>-</u>
Accrued Income	<u>13,953</u>	<u>-</u>
Total Assets	<u>\$ 8,817,390</u>	<u>\$ 57,949</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Liabilities		
Fiduciary Deposits	<u>\$ -</u>	<u>\$ 57,949</u>
Total Liabilities	<u>-</u>	<u>\$ 57,949</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position		
Restricted for Pension Benefits	<u>\$ 8,817,390</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, 2019

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 552,800
Plan Members	82,165
Total Contributions	<u>634,965</u>
Investment Income:	
Net Appreciation/(Depreciation) in Fair Value of Investments	107,002
Interest and Dividends	356,334
Total Investment Income	<u>463,336</u>
Total Additions	<u>1,098,301</u>
Deductions	
Benefits	882,771
Administrative expenses	54,161
Total Deductions	<u>936,932</u>
Change in Net Position	161,369
Net Position at Beginning of Year	<u>8,656,021</u>
Net Position at End of Year	<u>\$ 8,817,390</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 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 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, 2019, the unassigned General Fund Balance represented 21.27% of the 2019 General Fund expenditures.

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. Except for an \$81,000 appropriation for two police vehicles in February 2019 from the unassigned General Fund balance, there were no additional appropriations for the year ended June 30, 2019.

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, 2019:

	Governmental <u>Funds</u>	Proprietary <u>Funds</u>	Fiduciary <u>Funds</u>	<u>Total</u>
Cash	\$ 6,195,444	\$ 1,925,259	\$ 57,949	\$ 8,178,652
Cash Equivalents	<u>7,102,851</u>	<u>-</u>	<u>-</u>	<u>7,102,851</u>
Total	<u>\$ 13,298,295</u>	<u>\$ 1,925,259</u>	<u>\$ 57,949</u>	<u>\$ 15,281,503</u>

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	\$ 15,281,503
Less: Cash Equivalents (STIF)	(7,102,851)
Plus: Investments (CDs)	<u>101,734</u>
	<u>\$ 8,280,386</u>

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$8,280,386 and the bank balance was \$8,950,726. Of the bank balance, Federal Depository Insurance Corporation insured \$987,582.

As of June 30, 2019, \$7,963,144 of the Town’s bank balance of \$8,950,726 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,091,830
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	<u>871,314</u>
Total	<u>\$ 7,963,144</u>

Cash Equivalents

At June 30, 2019, the Town’s cash equivalents (Short-Term Investment Fund “STIF”) amounted to \$7,102,851. 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, 2019, 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	\$ 43,139	\$ -	\$ 43,139	\$ -	\$ -
Mutual Funds	N/A	8,760,298	8,760,298	-	-	-
Certificates of Deposit	N/A	101,734	-	101,734	-	-
Total Investments		<u>\$ 8,905,171</u>	<u>\$ 8,760,298</u>	<u>\$ 144,873</u>	<u>\$ -</u>	<u>\$ -</u>

N/A - Not Applicable

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

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

<u>Description</u>	<u>June 30, 2019</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	\$ 43,139	\$ 43,139	\$ -	\$ -
Mutual Funds	8,760,298	8,760,298	-	-
Total	8,803,437	<u>\$ 8,803,437</u>	<u>\$ -</u>	<u>\$ -</u>
Investments not included above:				
Certificates of Deposit	101,734			
Total Investments	<u>\$ 8,905,171</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>Sewer Assessment</u>	<u>Waterworks</u>	<u>Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Property taxes	\$ 534,784	\$ -	\$ -	\$ -	\$ -	\$ 534,784
Sewer assessment	-	210,439	-	-	-	210,439
Intergovernmental	-	-	-	-	432,986	432,986
Loans *	-	-	-	-	1,211,285	1,211,285
Interest, Liens, and Fees	-	-	11,671	10,683	-	22,354
Rents and assessments	-	-	110,013	105,657	-	215,670
Accounts	110,194	-	-	-	-	110,194
Gross receivables	<u>644,978</u>	<u>210,439</u>	<u>121,684</u>	<u>116,340</u>	<u>1,644,271</u>	<u>2,737,712</u>
Less allowance for uncollectibles:						
Property taxes	(45,415)	-	-	-	-	(45,415)
Rents and assessments	-	-	(15,906)	(8,205)	-	(24,111)
Total allowance	<u>(45,415)</u>	<u>-</u>	<u>(15,906)</u>	<u>(8,205)</u>	<u>-</u>	<u>(69,526)</u>
Net Total Receivables	<u>\$ 599,563</u>	<u>\$ 210,439</u>	<u>\$ 105,778</u>	<u>\$ 108,135</u>	<u>\$ 1,644,271</u>	<u>\$ 2,668,186</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	\$ 465,528	\$ -
Education Grants Fund:		
Unexpended Grant Receipts	-	189,935
Sewer Assessment:		
Assessments receivable not yet due	<u>210,439</u>	<u>-</u>
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 675,967</u>	<u>\$ 189,935</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Capital Assets

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

	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
<i>Governmental Activities:</i>				
Capital assets, not being depreciated				
Land	\$ 25,839,045	\$ -	\$ -	\$ 25,839,045
Construction in Progress	359,049	718,824	(21,761)	1,056,112
Total capital assets, not being depreciated	<u>26,198,094</u>	<u>718,824</u>	<u>(21,761)</u>	<u>26,895,157</u>
Capital assets, being depreciated				
Buildings	5,175,761	4,650	-	5,180,411
Improvements	3,697,929	204,657	-	3,902,586
Machinery & Equipment	9,758,481	741,875	(155,487)	10,344,869
Infrastructure	29,130,796	898,248	-	30,029,044
Total capital assets, being depreciated	<u>47,762,967</u>	<u>1,849,430</u>	<u>(155,487)</u>	<u>49,456,910</u>
Less accumulated depreciation for:				
Buildings	3,306,430	48,917	-	3,355,347
Improvements	1,392,652	90,627	-	1,483,279
Machinery & Equipment	6,788,783	381,885	(156,019)	7,014,649
Infrastructure	19,370,003	656,695	-	20,026,698
Total accumulated depreciation, net	<u>30,857,868</u>	<u>1,178,124</u>	<u>(156,019)</u>	<u>31,879,973</u>
Total capital assets, being depreciated	<u>16,905,099</u>	<u>671,306</u>	<u>532</u>	<u>17,576,937</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 43,103,193</u>	<u>\$ 1,390,130</u>	<u>\$ (21,229)</u>	<u>\$ 44,472,094</u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated				
Land	\$ 92,847	\$ -	\$ -	\$ 92,847
Construction in Progress	60,263	25,577	-	85,840
Total capital assets, not being depreciated	<u>153,110</u>	<u>25,577</u>	<u>-</u>	<u>178,687</u>
Capital assets, being depreciated				
Buildings	35,540,811	-	-	35,540,811
Improvements	3,012,252	-	-	3,012,252
Machinery & Equipment	5,906,569	55,228	-	5,961,797
Infrastructure	15,784,103	448,512	-	16,232,615
Total capital assets, being depreciated	<u>60,243,735</u>	<u>503,740</u>	<u>-</u>	<u>60,747,475</u>
Less accumulated depreciation for:				
Buildings	18,349,169	710,816	-	19,059,985
Improvements	1,634,306	59,419	-	1,693,725
Machinery & Equipment	5,645,830	37,053	-	5,682,883
Infrastructure	7,758,940	313,335	-	8,072,275
Total accumulated depreciation	<u>33,388,245</u>	<u>1,120,623</u>	<u>-</u>	<u>34,508,868</u>
Total capital assets, being depreciated, net	<u>26,855,490</u>	<u>(616,883)</u>	<u>-</u>	<u>26,238,607</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 27,008,600</u>	<u>\$ (591,306)</u>	<u>\$ -</u>	<u>\$ 26,417,294</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	\$ 159,748
Public Safety	174,011
Public Works	752,925
Education	63,437
Parks and Recreation	<u>28,003</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 1,178,124</u>
Business-type activities	
Waterworks	\$ 466,037
Sewer	<u>654,586</u>
Total Depreciation Expense	
Business-Type Activities	<u>\$ 1,120,623</u>

Construction Commitments

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

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Holabird Avenue Bridge	\$ 159,596	\$ -
Sucker Brook Road Bridge	98,855	238,645
Lanson Drive Culvert	<u>4,300</u>	<u>496,003</u>
	<u>\$ 262,751</u>	<u>\$ 734,648</u>

Except for certain engineering costs, the State of Connecticut has assumed management and financial responsibility for the Holabird Avenue Bridge Project, which was completed during fiscal year 2019. 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 \$1,686,500, twenty percent (20%) of which the Town is responsible for. At June 30, 2019, \$320,000 has 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 Road Culvert at an estimated cost of \$1,000,605, fifty percent (50%) of which the Town is responsible for. At June 30, 2019, \$445,000 has been appropriated in the Capital Improvements Fund toward this project.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Interfund Transfers, Receivables, and Payables

Transfer to:	Transfer from:				
	General Fund	Sewer Fund	Sewer Assessments	Nonmajor Funds	Total
General Fund	\$ -	\$ 35,211	\$ -	\$ 12,500	\$ 47,711
Capital Improvements Fund	2,843,012	-	-	-	2,843,012
Sewer Fund	-	-	94,169	-	94,169
Nonmajor Funds	95,000	-	-	3,489	98,489
	\$ 2,938,012	\$ 35,211	\$ 94,169	\$ 15,989	\$ 3,083,381

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, 2019 is as follows:

Due From:	Due To:						Total
	General Fund	Nonmajor Funds	Capital Improvements Fund	Federal and State Education Grants Fund	Water Fund	Sewer Fund	
General Fund	\$ -	\$ 165,021	\$ 1,349,012	\$ 189,935	\$ 68,793	\$ -	\$ 1,772,761
Nonmajor Funds	32,247	-	-	-	-	-	32,247
Capital Improvements	39,463	-	-	-	-	-	39,463
Sewer Assessments	-	-	-	-	-	681,375	681,375
Sewer Fund	329,490	-	-	-	71,489	-	400,979
Water Fund	-	-	-	-	-	-	-
	\$ 401,200	\$ 165,021	\$ 1,349,012	\$ 189,935	\$ 140,282	\$ 681,375	\$ 2,926,825

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, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 2,516,000	\$ -	\$ 420,000	\$ 2,096,000	\$ 420,000
Capital leases	315,716	109,373	170,715	254,374	125,358
Compensated absences	964,636	37,267	25,116	976,787	264,474
Heart and hypertension	922,610	-	65,349	857,261	76,669
Early retirement incentives	26,000	-	26,000	-	-
Net Pension Liability	3,935,754	470,554	-	4,406,308	-
Net Pension Liability-MERS	1,380,023	1,305,899	-	2,685,922	-
OPEB liability	3,598,010	-	1,133,679	2,464,331	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 13,658,749</u>	<u>\$ 1,923,093</u>	<u>\$ 1,840,859</u>	<u>\$ 13,740,983</u>	<u>\$ 886,501</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 865,000	\$ -	\$ 405,000	\$ 460,000	\$ 155,000
Plus deferred amounts:					
Issuance premiums on refunding	24,232	-	6,058	18,174	6,058
Total bonds payable	889,232	-	411,058	478,174	161,058
Clean water fund loans	304,301	-	32,826	271,475	33,488
Compensated absences	209,540	7,523	79,793	137,270	65,303
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,403,073</u>	<u>\$ 7,523</u>	<u>\$ 523,677</u>	<u>\$ 886,919</u>	<u>\$ 259,849</u>

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:

<u>Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal</u>	<u>Principal Outstanding June 30, 2018</u>
General Purposes:						
Public Improvements	8/14/2008	6,316,000	4.02%	8/15/2023	\$ 416,000 - 425,000	\$ 2,096,000
Water and Sewer:						
General refunding	8/15/2002	6,290,000	2-5%	6/1/2022	150,000 - 490,000	<u>460,000</u>
						<u>\$ 2,556,000</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:

<u>Year Ending</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 420,000	\$ 75,817	\$ 155,000	\$ 23,788
2021	420,000	58,933	155,000	16,813
2022	420,000	42,049	150,000	7,125
2023	420,000	25,165	-	-
2024	416,000	8,362	-	-
Total	<u>\$ 2,096,000</u>	<u>\$ 210,326</u>	<u>\$ 460,000</u>	<u>\$ 47,726</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, 2019, was \$271,475. 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 Ending	Business-Type Activities	
	Principal	Interest
2020	\$ 33,488	\$ 5,124
2021	34,164	4,448
2022	34,854	3,758
2023	35,558	3,055
2024	36,275	2,337
2025-2027	97,136	2,612
Total	<u>\$ 271,475</u>	<u>\$ 21,334</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:

	Governmental Activities
Assets:	
Equipment	\$ 552,200
Less accumulated depreciation	<u>(103,615)</u>
Total	<u>\$ 448,585</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

	Governmental Activities
Year ending June 30:	
2020	\$ 132,753
2021	<u>132,753</u>
Total	265,506
Less amount representing interest	<u>(11,132)</u>
Total	<u>\$ 254,374</u>

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, 2019 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	\$ -	\$ -	\$ -	\$ 1,309,040	\$ 1,309,040
Brownfields Pilot Program	-	-	-	155,705	155,705
Elderly Enrichment Part I Fund	-	-	-	10,914	10,914
Cemetery Association Trust Fund	-	-	-	669	669
Soldiers Monument Restoration Fund	-	-	-	47,351	47,351
Anti Blight Fund	-	-	-	58,754	58,754
Winchester Memorial Park Fund	-	-	-	5,941	5,941
Champs Fund	-	-	-	101,547	101,547
Grants & Donations Fund	-	-	-	184,911	184,911
Winchester School Trust Fund	-	-	-	88,264	88,264
Forest View Cemetery Fund	-	-	-	2,423	2,423
Winchester Center Cemetery Fund	-	-	-	5,347	5,347
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	-	-	-	120,682	120,682
Beverly Passbook Fund	-	-	-	8,535	8,535
Total Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,108,710</u>	<u>\$ 2,108,710</u>
Committed to:					
Industrial Park #2 Fund	\$ -	\$ -	\$ -	\$ 225,880	\$ 225,880
Cafeteria Fund	-	-	-	6,940	6,940
City Sidewalks Fund	-	-	-	859	859
Education	232,933	-	-	-	232,933
Capital Improvements	800,000	-	2,432,645	-	3,232,645
Total Committed	<u>\$ 1,032,933</u>	<u>\$ -</u>	<u>\$ 2,432,645</u>	<u>\$ 233,679</u>	<u>\$ 3,699,257</u>
Assigned - General Government	<u>\$ 109,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,461</u>
Unassigned	<u>\$ 6,964,634</u>	<u>\$ (682,286)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,282,348</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 20 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, 2019 was \$17,729. 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	30
Inactive plan members or beneficiaries receiving benefits	55
Inactive plan members entitled to but not yet receiving benefits	<u>8</u>
Total plan participants	<u>93</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 32.69% 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, 2019 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 4.91 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, 2019, were as follows:

	2019
Total pension liability	\$ 13,223,698
Plan fiduciary net position	<u>8,817,390</u>
Net pension liability (asset)	<u>\$ 4,406,308</u>
Plan fiduciary net position as a percentage of total pension liability	66.68%
Covered payroll	1,691,109
Net pension liability as a % of covered payroll	260.56%

TOWN OF WINCHESTER, CONNECTICUT
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Actuarial Methods and Assumptions - The annual required contribution for the current year was determined as part of the January 1, 2018 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, 2019 valuation, a closed amortization period of 20 years was used. Significant actuarial assumptions used include: (1) rate of return on investments of 7.00% 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 20 years. Mortality was based on RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with Scale MP-2018. 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 7.00% interest rate assumption to discount plan liabilities.

	<u>Current Discount Rate</u>	<u>1% Decrease Discount Rate</u>	<u>1% Increase Discount Rate</u>
	7.00%	6.00%	8.00%
Net pension liability as of June 30, 2019	\$4,406,308	\$5,655,671	\$3,326,447

Valuation Date and Roll Forward Process – The plan used the January 1, 2018 valuation to calculate the Actuarially Determined Employer Contribution for fiscal year ending June 30, 2019. The January 1, 2019 Total Pension Liability was increased by service cost, interest, and decreased by benefit payments to estimate the Total Pension Liability as of June 30, 2019. The Total Pension Liability as of June 30, 2019 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, 2019

<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%	4.30%	0.86%
U.S. Mid Cap	9.00%	4.20%	0.38%
U.S. Small Cap	6.00%	4.20%	0.25%
International-Developed	10.00%	5.70%	0.57%
Emerging Markets	7.00%	6.40%	0.45%
Domestic Government Fixed	10.00%	3.30%	0.33%
Global High Yield	5.00%	3.50%	0.18%
International Fixed	5.00%	1.10%	0.06%
Global Inflation Adjusted	5.00%	1.50%	0.08%
Real Estate	5.00%	5.90%	0.30%
Hedge Strategy	10.00%	4.30%	0.43%
Commodities	5.00%	3.40%	0.17%
Cash	3.00%	2.30%	0.07%
	<u>100.00%</u>		<u>4.13%</u>
Long-Term Inflation Expectation			<u>2.60%</u>
Long-Term Expected Nominal Return			<u>6.73%</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 7.00% was used.

TOWN OF WINCHESTER, CONNECTICUT
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	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (a) - (b)
Balance at June 30, 2018	\$ 12,591,775	\$ 8,656,021	\$ 3,935,754
Changes for the year:			
Service Cost	183,346	-	183,346
Interest	894,756	-	894,756
Differences Between Expected and Actual Experience	153,643	-	153,643
Changes in Assumptions	282,949	-	282,949
Employer Contributions	-	552,800	(552,800)
Member Contributions	-	82,165	(82,165)
Net Investment Income	-	415,037	(415,037)
Benefit Payments	(882,771)	(882,771)	-
Administrative Expenses	-	(5,862)	5,862
Net Changes	<u>631,923</u>	<u>161,369</u>	<u>470,554</u>
Balance at June 30, 2019	<u>\$ 13,223,698</u>	<u>\$ 8,817,390</u>	<u>\$ 4,406,308</u>
Plan fiduciary net position as a percentage of the total pension liability			66.68%
Covered Payroll			\$ 1,691,109
Net pension liability as a percentage of covered payroll			260.56%

For the year ended June 30, 2019, the Town recognized pension expense (gain) of (\$265,908). As of June 30, 2019, 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	\$ 317,924	\$ -
Differences between expected and actual experience	136,210	24,526
Changes of assumptions	215,396	976,106
Net difference between projected and actual earnings of Pension Plan investments	<u>141,251</u>	<u>-</u>
Total	<u>\$ 810,781</u>	<u>\$ 1,000,632</u>

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:	
2020	\$ (584,278)
2021	(19,345)
2022	55,151
2023	<u>40,697</u>
	<u>\$ (507,775)</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Connecticut Teachers Retirement Board

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% of average annual salary times years of credited service to date of disability, 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, 2019 were estimated to be \$1,560,725 and were recognized as revenues and expenditures in the General Fund.

Employees: Participants are required to contribute 6% (7% effective January 1, 2018) of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2019 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$430,536. Covered payroll for the town for the year ended June 30, 2019 was approximately \$5,218,621.

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

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>16,148,584</u>
Total	\$	<u>16,148,584</u>

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

For the year ended June 30, 2019, the Town recognized benefits expense and contribution revenue of \$1,560,725 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$1,812,393 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	2.75 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	8.00 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
Notes to the Financial Statements

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 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>
Large Cap U.S. Equities	21.00%	5.80%
Developed Non-U.S. Equities	18.00%	6.60%
Emerging Markets (Non-U.S.)	9.00%	8.30%
Core Fixed Income	7.00%	1.30%
Inflation Linked Bond Fund	3.00%	1.00%
Emerging Market Bond	5.00%	3.70%
High Yield Bonds	5.00%	3.90%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Cash	<u>6.00%</u>	0.40%
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 8.0%. 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 rates equal to the difference between actuarially determined contribution rates and the member rate. 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 average final compensation and service to 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, 2019, the Town reports a total liability of \$2,685,922 for government-wide financials for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2018, 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, 2018, the Town's proportion was 3.95%. This is an increase of 0.50% from the previous valuation.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

For the year ended June 30, 2019, the Town recognized pension expense in the government-wide financial statements of \$708,635. As of June 30, 2019, 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	\$ 317,365	\$ -
Net difference between projected and actual earnings	192,936	-
Difference between expected and actual experience	75,077	298,571
Changes in assumptions	1,063,809	-
Change in proportional share	195,944	-
Total	\$ 1,845,131	\$ 298,571

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:

2020	\$ 431,937
2021	351,066
2022	195,713
2023	250,479
	\$ 1,229,195

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions: 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	3.50-10.00 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, 2018 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, 2019	\$ 4,443,689	\$ 2,685,922	\$ 1,765,191

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 July 2015, 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. Also, per the labor contract, which expired June 30, 2019, over the last four fiscal years the Town has set aside \$20,000 per year to contribute to the trust. The Town has no future funding requirements to police retiree medical benefits. At June 30, 2019 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, 2019, 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 \$2,464,331 was measured as of June 30, 2019 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, 2019 for June 30, 2019 Reporting Date
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Salary
Salary Increases	2.75%
Discount Rate	3.51% as of June 30, 2019 and 3.87% as of June 30, 2018, which is based on the 20-bond GO index as of the measurement date
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 6/30/18	\$ 3,598,010
Changes for the year:	
Service Cost	64,139
Interest	139,182
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(1,286,990)
Changes in Assumptions	82,678
Benefit Payments	(132,688)
Net Changes	(1,133,679)
Balance at 6/30/19	\$ 2,464,331

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 (2.51%) or 1-percentage-point higher (4.51%) than the current discount rate:

	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
Total OPEB Liability as of June 30, 2019	\$ 2,768,079	\$ 2,464,331	\$ 2,212,981

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, 2019	\$ 2,185,512	\$ 2,464,331	\$ 2,801,677

OPEB Expense: For the year ended June 30, 2019, the Town recognized OPEB expense of \$63,633. As of June 30, 2019, 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	\$ -	\$ 1,189,874
Changes of assumptions	75,489	105,487
Total	\$ 75,489	\$ 1,295,361

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:	
2020	\$ (118,238)
2021	(118,238)
2022	(118,238)
2023	(118,238)
2024	(118,238)
Thereafter	<u>(628,682)</u>
	<u>\$ (1,219,872)</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 \$43,302.

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	2.75%
Real Wage Growth	0.50%
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	3.87%
Prior Measurement Date	3.56%

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

Single equivalent interest rate

Measurement Date	3.87%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.56%, 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%	0.27%	2.74%
Price inflation		2.75%	
Expected rate of return (Rounded nearest 0.25%)		3.00%	

Discount Rate - The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate 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	\$ 2,705,340	\$ 3,228,211	\$ 3,922,283

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 (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB liability	\$ 3,833,261	\$ 3,228,211	\$ 2,745,328

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2019 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town 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>3,228,211</u>
Total	\$	<u><u>3,228,211</u></u>

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

For the year ended June 30, 2019, the Town recognized OPEB expense and revenue of \$43,302 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$1,072,410 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

NOTE 7 - 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, 2019, 2018 and 2017, 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
2016-17	\$ 1,087,269	\$ -	\$ 99,375	\$ 987,894
2017-18	987,894	-	65,284	922,610
2018-19	922,610	-	65,349	857,261

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. The first four waivers of \$144,173 each have been granted to the Town. Based on the work done regarding special education programs, the Town and BOE have no reason to believe the remaining waiver will not be granted.

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 8 –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 reporting periods beginning December 15, 2018.

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 reporting periods beginning after December 15, 2019.

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 reporting periods beginning after December 15, 2019.

**Required
Supplementary
Information**

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Property Taxes	\$ 23,400,000	\$ 23,400,000	\$ 23,641,905	\$ 241,905
Property Taxes - Prior Years	400,000	400,000	247,228	(152,772)
Supplemental Tax	-	-	417	417
Interest and Lien Fees	200,000	200,000	199,166	(834)
Total Taxes	<u>24,000,000</u>	<u>24,000,000</u>	<u>24,088,716</u>	<u>88,716</u>
Intergovernmental Revenue				
State of Connecticut - General Government	422,657	422,657	894,499	471,842
State of Connecticut - Board of Education	7,823,000	7,823,000	7,843,560	20,560
Total Intergovernmental Revenues	<u>8,245,657</u>	<u>8,245,657</u>	<u>8,738,059</u>	<u>492,402</u>
Other Local Revenues				
Licenses, Fees and Permits				
Cemeteries	30,000	30,000	46,725	16,725
Town Clerk	155,000	155,000	206,781	51,781
Charges for Services				
In Lieu of Taxes - Housing Authority	35,000	35,000	39,710	4,710
Building Department	141,500	141,500	198,702	57,202
Planning and Zoning	3,000	3,000	3,406	406
Inland Wetlands Commission	2,000	2,000	4,302	2,302
Zoning Board of Appeals	2,500	2,500	5,769	3,269
Police Department	9,000	9,000	13,442	4,442
Fire and Ambulance	60,000	60,000	57,157	(2,843)
Sale of Land and Equipment	75,000	75,000	3,954	(71,046)
Park and Recreation Department	20,000	20,000	20,000	-
Sewer-Water Administration	250,000	250,000	250,000	-
Water Debt Service	255,000	255,000	255,000	-
Sewer Debt Service	257,067	257,067	257,067	-
Other	104,000	104,000	293,436	189,436
Total Other Local Revenues	<u>1,399,067</u>	<u>1,399,067</u>	<u>1,655,451</u>	<u>256,384</u>
Other Financing Sources				
Use of Previously Committed Fund Balance	-	1,349,012	-	(1,349,012)
Total Revenues	<u>\$ 33,644,724</u>	<u>\$ 34,993,736</u>	<u>\$ 34,482,226</u>	<u>\$ (511,510)</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2019

EXPENDITURES	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government				
Board of Selectmen	\$ 29,369	\$ 29,369	\$ 28,900	\$ 469
Town Clerk	183,015	184,015	181,531	2,484
Treasurer	46,100	46,100	45,834	266
Accounting Department	439,278	395,278	377,483	17,795
Election Expenditures	66,045	56,045	54,961	1,084
Insurance	475,000	465,000	463,132	1,868
Town Counsel	123,000	112,000	111,809	191
Town Manager	209,499	209,499	204,780	4,719
Building Department	208,599	283,899	275,422	8,477
Assessor	159,742	134,242	129,774	4,468
Board of Tax Review	2,303	2,303	2,022	281
Tax Collector	131,833	140,833	134,758	6,075
Planning and Zoning	6,689	12,189	10,293	1,896
Building - Town Hall	175,816	175,816	168,934	6,882
Inland Wetland Commission	3,421	4,121	4,081	40
Zoning Board of Appeals	3,921	3,921	2,316	1,605
Laurel City Commission	10,000	10,000	9,999	1
Advisory Comm. for the Disabled	1,000	1,000	-	1,000
Northwest Conservation District	1,840	1,840	1,840	-
Purchasing/Data Processing	202,531	215,031	211,259	3,772
Probate Court	6,315	6,315	5,679	636
Senior Citizens	190,143	190,743	178,648	12,095
Rural Transit District	2,397	2,397	2,397	-
Vacation and Sick Pay Accrual	50,000	29,000	28,929	71
Highland Lake	40,121	40,121	37,759	2,362
Economic Development Commission	12,940	12,940	10,723	2,217
School Crossing Guards	54,804	47,304	46,448	856
Conservation Commission	1	1	-	1
Unemployment Compensation	19,000	9,000	7,345	1,655
Cemeteries	59,332	59,332	49,430	9,902
Soldiers Monument Commission	6,750	11,750	11,624	126
Planning and Community Development	149,529	107,329	100,649	6,680
Civil Service Commission	20,765	12,765	10,793	1,972
Farmington River Watershed	724	724	724	-
Other Town Properties	27,500	22,500	15,375	7,125
Friends of Main Street	9,000	9,000	9,000	-
Total General Government	\$ 3,128,322	\$ 3,043,722	\$ 2,934,651	\$ 109,071

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Library	\$ 218,336	\$ 218,336	\$ 218,336	\$ -
Miscellaneous	619,221	536,384	531,509	4,875
Contracted Printing	5,000	5,000	4,832	168
Waste Disposal and Recycling	202,949	202,949	202,949	-
Public Safety				
Police Department	2,943,217	3,034,417	3,061,641	(27,224)
Fire Department	413,535	360,535	332,577	27,958
Dog Account	44,075	44,075	40,529	3,546
Civil Preparedness	10,898	10,898	9,667	1,231
Winchester Fire Department	44,000	44,000	43,604	396
Ambulance	87,033	87,033	87,032	1
Dispatch	400,145	388,645	387,101	1,544
Total Public Safety	<u>3,942,903</u>	<u>3,969,603</u>	<u>3,962,151</u>	<u>7,452</u>
Public Works				
Public Works Department/Highways	2,196,007	1,953,207	1,877,090	76,117
Street Lighting	160,000	125,000	122,434	2,566
Total Public Works	<u>2,356,007</u>	<u>2,078,207</u>	<u>1,999,524</u>	<u>78,683</u>
Health				
Department of Health	132,502	132,502	132,502	-
Youth and Family Services	29,353	29,353	29,353	-
Paramedic	180,574	180,574	180,574	-
Total Health	<u>342,429</u>	<u>342,429</u>	<u>342,429</u>	<u>-</u>
Parks and Recreation				
Park and Recreation Department	303,008	294,008	280,836	13,172
Education				
Board of Education	19,958,150	19,961,687	19,833,779	127,908
Retirement and Pension Contribution	\$ 408,842	\$ 393,842	\$ 388,918	\$ 4,924

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Debt Service				
Principal Retirement	\$ 391,000	\$ 391,000	\$ 391,000	\$ -
Interest	86,490	86,490	86,490	-
Sewer Plant Principal Retirement	29,000	29,000	29,000	-
Sewer Plant Interest	6,211	6,211	6,211	-
Sewer Principal Retirement	187,826	187,826	187,826	-
Water Principal Retirement	250,000	250,000	250,000	-
Sewer and Water Interest	39,030	39,030	39,030	-
Total Debt Service	<u>989,557</u>	<u>989,557</u>	<u>989,557</u>	<u>-</u>
Contingency	<u>20,000</u>	<u>20,000</u>	<u>18,969</u>	<u>1,031</u>
Total Expenditures	<u>32,494,724</u>	<u>32,055,724</u>	<u>31,708,440</u>	<u>347,284</u>
Other Financing Uses				
Transfer out to Capital Projects/Anti Blight	<u>1,150,000</u>	<u>2,938,012</u>	<u>2,938,012</u>	<u>-</u>
Total Transfers	<u>1,150,000</u>	<u>2,938,012</u>	<u>2,938,012</u>	<u>-</u>
Total	<u>33,644,724</u>	<u>34,993,736</u>	<u>34,646,452</u>	<u>347,284</u>
Excess of Revenues and Other Sources				
over/(under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (164,226)</u>	<u>\$ (164,226)</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

The Town of Winchester, CT prepares its annual budget on a basis (budget basis), which differs in some respects from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the District's method (budget basis) in the *Budgetary Comparison Schedule* to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are that certain interfund transfers are recorded as expenditures (budget) rather than operating transfers (GAAP). The budget as presented has been amended by the Board of Selectmen throughout the year.

Adjustments necessary to reconcile the budget basis to GAAP basis are presented below:

<i>General Fund</i>	<u>GAAP Basis</u>	<u>Perspective Differences</u>	<u>Basis Differences</u>	<u>Budgetary Basis</u>
Revenues	\$ 35,574,186	\$ 512,067	\$ (1,604,027)	\$ 34,482,226
Expenditures	<u>32,738,650</u>	<u>464,356</u>	<u>(1,494,566)</u>	<u>31,708,440</u>
Excess of Revenues Over / (Under) Expenditures	2,835,536	47,711	(109,461)	2,773,786
Other Financing Sources / (Uses)	<u>(2,890,301)</u>	<u>(47,711)</u>	<u>-</u>	<u>(2,938,012)</u>
Excess of Revenues and Other Sources Over Expenditures, and Other Uses	<u>\$ (54,765)</u>	<u>\$ -</u>	<u>\$ (109,461)</u>	<u>\$ (164,226)</u>

Perspective Differences: 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.

Basis Differences: The on-behalf payments made to the Connecticut Teachers Retirement Board and for Teachers OPEB are recognized as a GAAP adjustment to arrive at the Fund Financial Statements. Encumbrances are recognized for budget basis and not for GAAP basis.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability						
Service Cost	\$ 183,346	\$ 193,304	\$ 425,381	\$ 356,834	\$ 373,253	\$ 362,381
Interest	894,756	912,280	662,663	786,103	765,560	744,581
Changes in Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	153,643	(188,032)	294,578	(756,267)	(502)	-
Changes of Assumptions	282,949	515,083	(5,159,423)	2,126,873	-	-
Benefit Payments, Including Refunds of Member Contributions	<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	631,923	610,149	(4,617,134)	1,743,335	439,012	362,840
Total Pension Liability - Beginning	<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>\$ 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	\$ 552,800	\$ 739,680	\$ 801,260	\$ 598,100	\$ 448,806	\$ 153,179
Contributions - Member	82,165	84,438	104,223	118,366	88,137	103,410
Net Investment Income	415,037	555,677	767,942	(228,997)	222,132	983,007
Benefit Payments, Including Refunds of Member Contributions	(882,771)	(822,486)	(840,333)	(770,208)	(699,299)	(744,122)
Administrative Expenses	(5,862)	(5,714)	(5,126)	(4,927)	(2,174)	(21,100)
Other	-	-	-	-	-	-
Net Change in Pension Fiduciary Net Position	161,369	551,595	827,966	(287,666)	57,602	474,374
Plan Fiduciary Net Position - Beginning	<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>\$ 8,817,390</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>\$ 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	66.68%	68.74%	67.64%	43.84%	50.92%	52.07%
Covered Payroll	\$ 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	260.56%	214.98%	169.96%	413.44%	306.79%	258.96%

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Schedule of Contributions

Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Employer Contribution (ADEC)	\$ 479,574	\$ 532,614	\$ 520,449	\$ 460,938	\$ 525,230	\$ 474,401
Contributions in Relation to the ADEC	<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>\$ (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	1,691,109	1,830,753	2,281,285	2,254,826	2,376,673	2,668,367
Contributions as a Percentage of Covered Payroll	32.69%	40.40%	35.12%	26.53%	18.88%	5.74%

Notes to Schedule

Valuation Date: 1/1/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level Percent of Salary
Amortization method	Closed
Remaining amortization period	28 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	7.25%
Normal Retirement	Later of age 65 or 5 years of service.
Mortality	RP-2000 Mortality Table with separate male and female rates, with no adjustment combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Schedule of Investment Returns

Last Six 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%

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 Five Fiscal Years

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Percentage of Collective Net Pension Liability	3.953%	3.451%	3.451%	3.077%	3.077%
Town's Portion of Net Pension Liability	<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>\$ 2,239,380</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	119.94%	86.34%	100.96%	76.37%	56.48%
Plan Fiduciary Net Position as a % of Total Pension Liability	73.60%	91.68%	88.29%	92.72%	90.48%

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

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

Notes to Schedule

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age, normal cost method
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	Market Value on the measurement date.
Inflation	2.5% (Previously 3.25%)
Salary Increases	3.50%-10.00%, including inflation (Previously 4.25%-11.00%)

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

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

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

See accountant's report.

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

Schedule of Proportionate Share of Net Pension Liability

	2019	2018	2017	2016	2015
Town's percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<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>\$ 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>\$ 5,218,621</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.	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Notes to Schedule

Changes in benefit terms
Changes in assumptions

Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
In 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2015.

Actuarial cost method
Amortization method
Remaining amortization period
Asset valuation method
Inflation
Salary increases
Investment rate of return

Entry Age
Level percent of salary, closed
17.6 years
4-year smoothed market
2.75%
3.25% - 6.50% average, including inflation
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 Two Fiscal Years

Schedule of Proportionate Share of Net OPEB Liability

	<u>2019</u>	<u>2018</u>
Town's percentage of the net OPEB liability	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	<u>3,228,211</u>	<u>3,799,976</u>
Total	<u>\$ 3,228,211</u>	<u>\$ 3,799,976</u>
Town's covered payroll	<u>\$ 5,218,621</u>	<u>\$ 5,362,820</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll.	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>1.49%</u>	<u>1.79%</u>

Notes to Schedule

Changes in Benefit Terms

Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.

Changes of Assumptions

The expected rate of return on assets was changed from 2.75% to 3.00% to reflect the anticipated return on cash and other high quality short-term fixed income investments.

The discount rate was increased from 3.56% to 3.87% to reflect the change in the Municipal Bond Index Rate.

Changes were also made to the assumed per capita health care claim costs, the assumed age related percentage increases in expected annual per capita health care claim costs, long-term health care cost trend rates, the percentage of retired members who are not currently participating in the Plan but are expected to elect coverage in the future, the percentage of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan, the post-disability mortality table, which was updated to extend the period of projected mortality improvements from 2017 to 2020, and the percentage of deferred vested members who will become ineligible for future health care benefits.

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

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 - is used 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. Environmental Protection Agency 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.

Soldiers Monument Fund - To account for the revenues and expenditures relating to general maintenance of the soldiers monument park.

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.

Permanent Funds

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 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.

Forest View Cemetery Chapel Trust Fund - This fund is used 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.

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.

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

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, 2019

SPECIAL REVENUE FUNDS

	Industrial Park <u>#2 Fund</u>	Cafeteria Fund	Small Cities	Brownfields Pilot Program	City Sidewalks Fund	Elderly Enrichment Part I Fund	Soldiers Monument Fund	Cemetery Association Trust Fund
Assets								
Cash and Cash Equivalents	\$ 379,010	\$ 7,646	\$ 97,755	\$ 155,705	\$ 859	\$ 47,276	\$ -	\$ 669
Receivables, Net	-	39,186	1,211,285	-	-	22,216	-	-
Inventory	-	2,311	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 379,010</u>	<u>\$ 49,143</u>	<u>\$ 1,309,040</u>	<u>\$ 155,705</u>	<u>\$ 859</u>	<u>\$ 69,492</u>	<u>\$ -</u>	<u>\$ 669</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and Accrued Items	\$ -	\$ 42,203	\$ -	\$ -	\$ -	\$ 26,731	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	31,847	-	-
Due to Other Governments	<u>153,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>153,130</u>	<u>42,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,578</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	1,309,040	155,705	-	10,914	-	669
Committed	225,880	6,940	-	-	859	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<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>-</u>	<u>669</u>
Total Liabilities and Fund Balances	<u>\$ 379,010</u>	<u>\$ 49,143</u>	<u>\$ 1,309,040</u>	<u>\$ 155,705</u>	<u>\$ 859</u>	<u>\$ 69,492</u>	<u>\$ -</u>	<u>\$ 669</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	SPECIAL REVENUE FUNDS				PERMANENT FUNDS		
	Soldiers Monument Restoration Fund	Anti Blight Fund	Grants & Donations Fund	Champs Fund	Winchester School Trust Fund	Winchester Bond Sinking Fund	Forest View Cemetery Fund
Assets							
Cash and Cash Equivalents	\$ 47,131		\$ 197,328	\$ -	\$ 88,264	\$ 18	\$ 140,690
Receivables, Net	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due from Other Funds	220	63,254	-	101,547	-	-	-
Total Assets	<u>\$ 47,351</u>	<u>\$ 63,254</u>	<u>\$ 197,328</u>	<u>\$ 101,547</u>	<u>\$ 88,264</u>	<u>\$ 18</u>	<u>\$ 140,690</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable and Accrued Items	\$ -	\$ 4,500	\$ 12,017		\$ -	\$ -	\$ -
Due to Other Funds	-	-	400	-	-	-	-
Due to Other Governments	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>4,500</u>	<u>12,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Nonspendable		-	-	-	-	-	138,267
Restricted	47,351	58,754	184,911	101,547	88,264	18	2,423
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	<u>47,351</u>	<u>58,754</u>	<u>184,911</u>	<u>101,547</u>	<u>88,264</u>	<u>18</u>	<u>140,690</u>
Total Liabilities and Fund Balances	<u>\$ 47,351</u>	<u>\$ 63,254</u>	<u>\$ 197,328</u>	<u>\$ 101,547</u>	<u>\$ 88,264</u>	<u>\$ 18</u>	<u>\$ 140,690</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

PERMANENT FUNDS								
	Winchester Center Cemetery Fund	Forest View Cemetery Chapel Trust Fund	Crippled Children Trust Fund	Winchester Memorial Park Fund	Jane A Nisbet Fund	Beverly Pass Fund	Town Park Fund	Total
Assets								
Cash and Cash Equivalents	\$ 38,995	\$ 630	\$ 445	\$ 14,241	\$ 7,784	\$ 8,535	\$ 127,593	\$ 1,360,574
Receivables, Net	-	-	-	-	-	-	-	1,272,687
Inventory	-	-	-	-	-	-	-	2,311
Due from Other Funds	-	-	-	-	-	-	-	165,021
Total Assets	<u>\$ 38,995</u>	<u>\$ 630</u>	<u>\$ 445</u>	<u>\$ 14,241</u>	<u>\$ 7,784</u>	<u>\$ 8,535</u>	<u>\$ 127,593</u>	<u>\$ 2,800,593</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,451
Due to Other Funds	-	-	-	-	-	-	-	32,247
Due to Other Governments	-	-	-	-	-	-	-	153,130
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,828</u>
Fund Balances:								
Nonspendable	33,648	-	-	8,300	250	-	6,911	187,376
Restricted	5,347	630	445	5,941	7,534	8,535	120,682	2,108,710
Committed	-	-	-	-	-	-	-	233,679
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>38,995</u>	<u>630</u>	<u>445</u>	<u>14,241</u>	<u>7,784</u>	<u>8,535</u>	<u>127,593</u>	<u>2,529,765</u>
Total Liabilities and Fund Balances	<u>\$ 38,995</u>	<u>\$ 630</u>	<u>\$ 445</u>	<u>\$ 14,241</u>	<u>\$ 7,784</u>	<u>\$ 8,535</u>	<u>\$ 127,593</u>	<u>\$ 2,800,593</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, 2019

	SPECIAL REVENUE FUNDS							
	Industrial Park #2 Fund	Cafeteria Fund	Small Cities	Brownfields Pilot Program	City Sidewalks Fund	Elderly Enrichment Part I Fund	Soldiers Monument Fund	Cemetery Association Trust Fund
Revenues								
Intergovernmental Revenues	\$ -	\$ 256,917	\$ -	\$ -	\$ -	\$ 255,997	\$ -	\$ -
Interest and Dividends	6,980	-	1,443	2,599	-	-	-	-
Charges for Services	-	82,306	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
Total Revenues	<u>6,980</u>	<u>339,223</u>	<u>1,443</u>	<u>2,599</u>	<u>-</u>	<u>255,997</u>	<u>-</u>	<u>-</u>
Expenditures								
Current:								
General Government	-	-	-	800	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	255,997	-	-
Education	-	333,864	-	-	-	-	-	-
Program and Project	-	-	16,025	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>333,864</u>	<u>16,025</u>	<u>800</u>	<u>-</u>	<u>255,997</u>	<u>-</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	6,980	5,359	(14,582)	1,799	-	-	-	-
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	(12,500)	-	-	-	-	(3,489)	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(12,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,489)</u>	<u>-</u>
Net Change in Fund Balances	6,980	(7,141)	(14,582)	1,799	-	-	(3,489)	-
Fund Balances at Beginning of Year	<u>218,900</u>	<u>14,081</u>	<u>1,323,622</u>	<u>153,906</u>	<u>859</u>	<u>10,914</u>	<u>3,489</u>	<u>669</u>
Fund Balances at End 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>\$ -</u>	<u>\$ 669</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, 2019

	SPECIAL REVENUE FUNDS				PERMANENT FUNDS		
	Soldiers Monument Restoration Fund	Anti Blight Fund	Grants & Donations Fund	Champs Fund	Winchester School Trust Fund	Winchester Bond Sinking Fund	Forest View Cemetery Fund
Revenues							
Intergovernmental Revenues	\$ -	\$ -	\$ 4,500	\$ -	\$ -	\$ -	\$ -
Interest and Dividends	1,077	-	-	-	87	-	1,616
Charges for Services	-	-	97,430	23,072	-	-	-
Other Revenue	14,754	64,634	45,060	-	2,757	-	-
Total Revenues	<u>15,831</u>	<u>64,634</u>	<u>146,990</u>	<u>23,072</u>	<u>2,844</u>	<u>-</u>	<u>1,616</u>
Expenditures							
Current:							
General Government	-	-	10,299	-	-	-	-
Public Safety	-	-	29,083	-	-	-	-
Health	-	-	-	-	-	-	-
Education	-	-	-	14,283	1,220	-	-
Program and Project	-	111,153	98,564	-	-	-	-
Capital Outlay	71,797	-	-	-	-	-	-
Total Expenditures	<u>71,797</u>	<u>111,153</u>	<u>137,946</u>	<u>14,283</u>	<u>1,220</u>	<u>-</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	(55,966)	(46,519)	9,044	8,789	1,624	-	1,616
Other Financing Sources/(Uses)							
Transfers In	3,489	95,000	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>3,489</u>	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(52,477)	48,481	9,044	8,789	1,624	-	1,616
Fund Balances at Beginning of Year	<u>99,828</u>	<u>10,273</u>	<u>175,867</u>	<u>92,758</u>	<u>86,640</u>	<u>18</u>	<u>139,074</u>
Fund Balances at End of Year	<u>\$ 47,351</u>	<u>\$ 58,754</u>	<u>\$ 184,911</u>	<u>\$ 101,547</u>	<u>\$ 88,264</u>	<u>\$ 18</u>	<u>\$ 140,690</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, 2019

	PERMANENT FUNDS							Total
	Winchester Center Cemetery Fund	Forest View Cemetery Chapel Trust Fund	Crippled Children Trust Fund	Winchester Memorial Park Fund	Jane A Nisbet Fund	Beverly Pass Fund	Town Park Fund	
Revenues								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 517,414
Interest and Dividends	390	-	-	96	-	148	573	15,009
Charges for Services	-	-	-	-	-	-	-	202,808
Other Revenue	-	-	-	-	-	-	-	127,205
Total Revenues	<u>390</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>-</u>	<u>148</u>	<u>573</u>	<u>862,436</u>
Expenditures								
Current:								
General Government	-	-	-	-	-	-	-	11,099
Public Safety	-	-	-	-	-	-	-	29,083
Health	-	-	-	-	-	-	-	255,997
Education	-	-	-	-	-	-	-	349,367
Program and Project	-	-	-	-	-	-	-	225,742
Capital Outlay	-	-	-	-	-	-	-	71,797
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>943,085</u>
Excess/(Deficiency) of Revenues Over Expenditures	390	-	-	96	-	148	573	(80,649)
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	-	-	-	98,489
Transfers Out	-	-	-	-	-	-	-	(15,989)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,500</u>
Net Change in Fund Balances	390	-	-	96	-	148	573	1,851
Fund Balances at Beginning of Year	38,605	630	445	14,145	7,784	8,387	127,020	2,527,914
Fund Balances at End of Year	<u>\$ 38,995</u>	<u>\$ 630</u>	<u>\$ 445</u>	<u>\$ 14,241</u>	<u>\$ 7,784</u>	<u>\$ 8,535</u>	<u>\$ 127,593</u>	<u>\$ 2,529,765</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, 2019

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2019</u>
<u>Student Activities</u>				
Assets:				
Cash and Cash Equivalents	\$ 9,660	\$ 1,549	\$ 3,692	\$ 7,517
Total Assets	<u>9,660</u>	<u>1,549</u>	<u>3,692</u>	<u>7,517</u>
Liabilities:				
Fiduciary Deposits	<u>9,660</u>	<u>1,549</u>	<u>3,692</u>	<u>7,517</u>
Total Liabilities	<u>\$ 9,660</u>	<u>\$ 1,549</u>	<u>\$ 3,692</u>	<u>\$ 7,517</u>
 <u>Other</u>				
Assets:				
Cash and Cash Equivalents	\$ 36,060	\$ 19,122	\$ 4,750	\$ 50,432
Total Assets	<u>36,060</u>	<u>19,122</u>	<u>4,750</u>	<u>50,432</u>
Liabilities:				
Fiduciary Deposits	<u>36,060</u>	<u>19,122</u>	<u>4,750</u>	<u>50,432</u>
Total Liabilities	<u>\$ 36,060</u>	<u>\$ 19,122</u>	<u>\$ 4,750</u>	<u>\$ 50,432</u>
 <u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$ 45,720	\$ 20,671	\$ 8,442	\$ 57,949
Total Assets	<u>45,720</u>	<u>20,671</u>	<u>8,442</u>	<u>57,949</u>
Liabilities				
Fiduciary Deposits	<u>45,720</u>	<u>20,671</u>	<u>8,442</u>	<u>57,949</u>
Total Liabilities	<u>\$ 45,720</u>	<u>\$ 20,671</u>	<u>\$ 8,442</u>	<u>\$ 57,949</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, 2019

	Outstanding July 1, 2018	Current Levy	Lawful Corrections		Transfers to Suspense	Collectible Taxes	Collections During the Year			Outstanding June 30, 2019
			Additions	Deductions			Taxes	Interest and Liens	Total	
List of 10/1:										
2017		\$ 24,141,257	\$ 19,361	\$ 169,277	\$ (46,637)	\$ 23,944,704	\$ 23,614,748	\$ 129,266	\$ 23,744,014	\$ 329,956
2016	\$ 268,216	-	4,595	27,888	(21,209)	223,714	124,680	32,267	156,947	99,034
2015	97,753	-	3,197	-	(17,977)	82,973	29,382	11,299	40,681	53,591
2014	32,819	-	3,110	-	(110)	35,819	14,606	4,969	19,575	21,213
2013	16,796	-	2,959	-	-	19,755	8,830	1,169	9,999	10,925
2012	8,615	-	3,303	-	-	11,918	3,985	631	4,616	7,933
2011	7,212	-	3,313	-	-	10,525	3,129	25	3,154	7,396
2010	3,626	-	3,310	-	-	6,936	3,310	-	3,310	3,626
2009	774	-	3,352	-	-	4,126	3,310	-	3,310	816
2008	-	-	3,177	-	-	3,177	3,177	-	3,177	-
2007	-	-	3,177	-	-	3,177	3,177	-	3,177	-
2006	-	-	425	-	-	425	425	-	425	-
2005	116	-	419	-	-	535	419	-	419	116
2004	88	-	-	-	-	88	-	-	-	88
2003	83	-	7	-	-	90	-	-	-	90
	\$ 436,098	\$ 24,141,257	\$ 53,705	\$ 197,165	\$ (85,933)	\$ 24,347,962	23,813,178	179,626	23,992,804	\$ 534,784

Net Grand List - October 1, 2017

Total Suspense Collections 15,965 19,251 35,216

Tax Rate: 33.54 mills

Total Collections **\$ 23,829,143** **\$ 198,877** **\$ 24,028,020**

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Water and Sewer Rents Levied, Collected, and Outstanding
For the Year Ended June 30, 2019

Water Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2018	Lawful Corrections	Transfers to Suspense	Adjusted Levy and Uncollected Balance	Collections			Water Rents Receivable June 30, 2019
					Rents	Interest and Liens	Total	
2017	\$ 1,906,553	\$ (54,098)	\$ -	\$ 1,852,455	\$ 1,751,953	\$ 20,357	\$ 1,772,310	\$ 100,502
2016	93,538	(574)	-	92,964	88,508	15,234	103,742	4,456
2015	3,806	(637)	-	3,169	1,405	613	2,018	1,764
2014	2,094	(376)	-	1,718	750	91	841	968
2013	1,553	-	-	1,553	-	-	-	1,553
2012	316	-	-	316	-	-	-	316
2011	307	(1)	-	306	-	-	-	306
2010	148	-	-	148	-	-	-	148
	\$ 2,008,315	\$ (55,686)	\$ -	\$ 1,952,629	\$ 1,842,616	\$ 36,295	\$ 1,878,911	\$ 110,013

Sewer Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2018	Lawful Corrections	Transfers to Suspense	Adjusted Levy and Uncollected Balance	Collections			Sewer Rents Receivable June 30, 2019
					Rents	Interest and Liens	Total	
2017	\$ 1,608,841	\$ (69,392)	\$ -	\$ 1,539,449	\$ 1,463,241	\$ 16,285	\$ 1,479,526	\$ 76,208
2016	66,224	(1,035)	-	65,189	60,502	12,400	72,902	4,687
2015	3,318	(460)	-	2,858	1,078	478	1,556	1,780
2014	1,802	(200)	-	1,602	385	58	443	1,217
2013	1,705	-	-	1,705	-	-	-	1,705
2012	717	-	-	717	5	1	6	712
2011	598	-	-	598	-	-	-	598
2010	25	-	-	25	25	-	25	-
	\$ 1,683,230	\$ (71,087)	\$ -	\$ 1,612,143	\$ 1,525,236	\$ 29,222	\$ 1,554,458	\$ 86,907

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Net Investment in Capital Assets	\$ 37,575,954	\$ 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
Restricted	522,003	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
Unrestricted	(1,027,616)	(2,747,154)	(5,462,501)	(6,442,404)	(5,878,735)	(5,515,045)	(4,450,938)	(2,520,690)	(1,977,467)	(320,747)
Total Governmental Activities Net Position	\$ 37,070,341	\$ 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
Business-type Activities:										
Net Investment in Capital Assets	\$ 33,299,371	\$ 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
Unrestricted	(869,187)	(1,193,895)	(1,292,067)	(924,692)	330,581	1,097,207	1,711,887	2,632,050	3,061,410	3,147,427
Total Business-type Activities Net Position	\$ 32,430,184	\$ 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
Primary Government										
Net Investment in Capital Assets	\$ 70,875,325	\$ 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
Restricted	522,003	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
Unrestricted	(1,896,803)	(3,941,049)	(6,754,568)	(7,367,096)	(5,548,154)	(4,417,838)	(2,739,051)	111,360	1,083,943	2,826,680
Total Primary Government Net Position	\$ 69,500,525	\$ 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

TOWN OF WINCHESTER, CONNECTICUT

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

Table 2

Page 1 of 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
Education	\$ 23,545,291	\$ 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
Public safety	4,967,321	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
Public works	3,275,459	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
General government	3,342,550	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
Health	287,221	289,932	365,698	332,349	575,514	649,113	1,164,840	468,627	454,403	469,359
Parks and recreation	263,574	244,723	512,726	199,271	210,019	224,911	263,445	269,537	274,774	308,839
Library	161,795	194,141	194,141	176,474	176,474	200,003	206,000	214,034	216,174	218,336
Waste disposal and recycling	360,824	335,869	405,320	204,965	222,812	196,247	198,356	225,040	200,940	202,949
Interest on long-term debt	301,724	283,729	270,484	202,821	222,581	166,124	146,895	131,350	121,162	105,504
Total Governmental Activities Expenses	<u>36,505,759</u>	<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>
Business-Type Activities										
Water	1,976,247	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
Sewer	2,309,850	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
Total Business-Type Activities Expenses	<u>4,286,097</u>	<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>
Total Primary Government Expenses	<u>\$ 40,791,856</u>	<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>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Education	\$ 211,054	\$ 171,398	\$ 191,980	\$ 117,548	\$ 102,112	\$ 170,174	\$ 131,074	\$ 124,270	\$ 147,085	\$ 105,378
Public safety	230,263	158,752	44,460	68,454	84,557	61,615	64,812	76,747	73,147	70,599
Public works	16,928	74,551	-	-	381,676	222,998	245,626	250,008	250,008	250,000
Health	-	-	21,680	40,105	77,678	75,893	66,807	73,513	47,974	64,487
General government	90,180	484,494	349,799	256,293	286,497	305,526	358,225	376,722	348,504	558,891
Parks and Recreation	52,606	28,493	10,500	10,500	10,500	10,500	15,000	15,000	20,000	20,000
Operating Grants and Contributions	12,122,738	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
Capital Grants and Contributions	778,542	932,659	364,085	483,407	650,810	45,448	426,070	469,124	175,276	328,952
Total Governmental Activities										
Program Revenues	<u>13,502,311</u>	<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>
Business-type Activities:										
Water:										
Charges for Services	1,497,962	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
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Sewer:										
Charges for Services	1,133,761	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
Capital Grants and Contributions	-	2,685	2,714	-	1,317	-	-	-	-	-
Total Business-type Activities										
Program Revenues	<u>2,631,723</u>	<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>
Total Primary Government Program Revenues	<u>\$ 16,134,034</u>	<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>
	(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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net Revenues (Expenses):										
Governmental Activities	\$ (23,003,448)	\$ (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)
Business-type Activities	(1,654,374)	(956,294)	(624,716)	(196,600)	381,976	(234,143)	(68,383)	243,950	(45,242)	(141,199)
Total Primary Government Net Expense	\$ (24,657,822)	\$ (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)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 20,094,437	\$ 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
Grants and Contributions Not Restricted to Specific Programs	656,303	622,394	-	-	322,157	334,480	275,647	475,567	1,438,792	578,580
Unrestricted Investment Earnings	18,379	44,360	3,451	268	84	240	227	41,920	109,476	240,749
Contributions to Permanent Fund Principal	-	-	-	-	3,369	2,877	2,550	2,550	2,792	2,757
Miscellaneous	303,654	449,522	84,106	105,287	1,239,163	424,294	126,873	90,129	62,573	90,673
Transfers	(218,408)	(215,838)	(213,269)	(251,923)	(110,480)	(78,653)	(68,514)	(66,288)	(63,960)	(58,958)
Total Governmental Activities	20,854,365	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
Business-type Activities:										
Unrestricted Investment Earnings	-	-	-	-	-	-	-	-	-	20,836
Transfers	218,408	215,838	213,269	251,923	110,480	78,653	68,514	66,288	63,960	58,958
Total Business-type Activities	218,408	215,838	213,269	251,923	110,480	78,653	68,514	66,288	63,960	79,794
Total Primary Government	\$ 21,072,773	\$ 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
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	\$ (2,149,083)	\$ (1,204,980)	\$ (698,068)	\$ (465,133)	\$ 4,880,075	\$ 1,044,894	\$ 672,205	\$ 2,577,138	\$ 3,237,230	\$ 3,508,975
Business-type Activities	(1,435,966)	(793,448)	(459,272)	41,708	492,456	(155,490)	131	310,238	18,718	(61,405)
Total Primary Government	\$ (3,585,049)	\$ (1,998,428)	\$ (1,157,340)	\$ (423,425)	\$ 5,372,531	\$ 889,404	\$ 672,336	\$ 2,887,376	\$ 3,255,948	\$ 3,447,570

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

Table 3

	2010	2011**	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 50,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	711,143	-	-	-	-	-	-	-	-	-
Nonspendable			3,050	-	-	-	-	-	-	-
Committed							450,000	1,085,000	1,373,037	1,032,933
Assigned		52,034								109,461
Unassigned		(510,943)	(1,426,982)	(1,205,348)	3,526,109	5,163,031	5,724,511	6,246,790	6,788,756	6,964,634
Total General Fund	\$ 761,699	\$ (458,909)	\$ (1,423,932)	\$ (1,205,348)	\$ 3,526,109	\$ 5,163,031	\$ 6,174,511	\$ 7,331,790	\$ 8,161,793	\$ 8,107,028
All Other Governmental Funds										
Reserved	\$ 588,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	(194,593)	-	-	-	-	-	-	-	-	-
Capital Projects Funds	(133,789)	-	-	-	-	-	-	-	-	-
Permanent Funds	16,185	-	-	-	-	-	-	-	-	-
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
Restricted		237,487	238,638	180,102	241,494	379,883	680,158	756,686	844,189	2,108,710
Committed		308,806	376,093	391,493	948,908	696,739	1,149,002	1,259,536	1,523,971	2,666,324
Assigned										
Unassigned		1,545,024	(624,456)	(711,709)	(716,106)	(703,609)	(682,491)	(669,933)	(679,399)	(682,286)
Total All Other Governmental Funds	\$ 276,379	\$ 2,599,224	\$ 2,499,258	\$ 2,538,984	\$ 2,573,194	\$ 2,136,049	\$ 2,652,608	\$ 2,835,498	\$ 3,140,174	\$ 4,280,124

Note:
The change in the classification of fund balance amounts in 2011 is discussed in the notes to the 2011 Financial Statements
** Prior year amounts have not been restated for the implementation of Statement 54.

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

Table 4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property Taxes, Interest and Lien Fees	\$ 20,170,995	\$ 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
Intergovernmental Revenue	13,516,197	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
Other local revenues	1,058,662	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
Total Revenues	34,745,854	35,077,987	34,062,218	34,120,388	40,117,231	37,759,823	39,295,777	40,387,715	38,580,601	40,467,506
Expenditures										
Current:										
Education	\$ 23,406,821	\$ 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
Program and Project Expenses	589,488	302,286	161,960	155,109	810,473	505,184	566,682	571,682	456,585	614,660
Public Safety	3,246,833	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
Public Works	2,025,162	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
Miscellaneous	327,692	583,544	555,000	514,425	402,436	504,794	433,930	877,666	609,604	536,341
General Government	2,699,466	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
Health	287,221	289,932	297,473	295,203	565,181	542,775	570,928	578,965	582,969	598,426
Parks and Recreation	224,152	206,805	219,716	176,353	186,958	196,636	253,191	253,516	248,833	280,836
Library	161,795	194,141	194,141	176,474	176,474	200,003	206,000	214,034	216,174	218,336
Waste Disposal and Recycling	360,824	335,869	405,320	204,965	222,812	196,247	198,356	225,040	200,940	202,949
Debt Service:										
Principal	425,000	425,000	508,000	508,000	526,582	535,768	558,253	552,016	569,651	573,831
Interest & Issuance Costs	308,131	290,134	270,484	202,821	222,622	166,124	166,269	131,350	121,162	122,388
Capital Outlay	1,168,114	1,320,985	1,516,798	761,668	952,001	788,956	487,622	1,164,640	1,073,581	2,049,912
Total Expenditures	35,230,699	35,344,062	34,511,960	33,539,448	35,899,842	36,437,817	37,699,224	39,332,447	37,514,262	39,432,736
Excess (Deficiency) of Revenues Over Expenditures	(484,845)	(266,075)	(449,742)	580,940	4,217,389	1,322,006	1,596,553	1,055,268	1,066,339	1,034,770
Other Financing Sources (Uses)										
Issuance of Bonds & GANS	-	-	-	-	2,000,000	-	-	-	-	-
Issuance of Capital Lease	41,120	415,000	-	-	-	-	-	351,189	132,300	109,373
Repayment of GANS	-	-	-	-	(2,000,000)	-	-	-	-	-
Transfers In	161,836	-	305,556	310,602	877,354	771,991	716,095	751,005	1,255,941	2,989,212
Transfers Out	(380,244)	(215,838)	(518,825)	(562,525)	(987,834)	(850,644)	(784,609)	(817,293)	(1,319,901)	(3,048,170)
Total Other Financing Sources (Uses)	(177,288)	199,162	(213,269)	(251,923)	(110,480)	(78,653)	(68,514)	284,901	68,340	50,415
Loss on Assets	-	484,079	401,977	70,707	-	-	-	-	-	-
Net Change in Fund Balances	(662,133)	(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
Fund Balance at Beginning of Year	1,700,211	2,691,307	2,140,314	1,075,326	1,992,394	6,055,727	7,299,080	8,827,119	10,167,288	11,301,967
Fund Balance at End of Year	\$ 1,038,078	\$ 2,140,315	\$ 1,075,326	\$ 1,333,636	\$ 6,099,303	\$ 7,299,080	\$ 8,827,119	\$ 10,167,288	\$ 11,301,967	\$ 12,387,152
Debt Service as a Percentage to Noncapital Expenditures	2.15%	2.10%	2.36%	2.17%	2.14%	1.97%	1.95%	1.79%	1.90%	1.86%

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						
2010	2008	\$ 570,237	\$ 108,160	\$ 60,566	\$ 86,051	\$ 825,014	\$ 9,259	\$ 815,755	24.67	\$ 1,165,364	70%
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%

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

	2019				2010		
	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.	\$ 13,888,788	1	1.85%	Nineteen Twenty Three St. Marks	\$ 9,984,380	1	1.22%
Howmet Casting and Services	11,286,388	2	1.50%	Connecticut Light and Power Co.	7,201,540	2	0.88%
Winrock LLC	9,542,330	3	1.27%	Howmet Casting and Services	6,607,050	3	0.81%
Citizens Asset Finance, Inc.	5,825,098	4	0.78%	Yankee Gas	4,606,173	4	0.56%
Litchfield Gardens Association	3,659,110	5	0.49%	Litchfield Gardens Apartments	3,226,860	5	0.40%
Yankee Gas	3,416,413	6	0.46%	Barden Corporation	3,072,600	6	0.38%
Keybank National Association	2,424,279	7	0.32%	Electric Motion	2,586,760	7	0.32%
DRT Power Systems LLC	2,334,308	8	0.31%	Stop and Shop Supermarket	2,178,930	8	0.27%
Litchfield Heights Apartments	2,128,770	9	0.28%	Litchfield Heights Apartments	2,109,170	9	0.26%
The Barden Corp	2,116,129	10	0.28%	Gilbert Clock Properties	2,051,000	10	0.25%
	<u>\$ 56,621,613</u>		<u>7.55%</u>		<u>\$ 43,624,463</u>		<u>5.35%</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
2010	\$ 20,100,013	\$ 19,592,274	97.47%	\$ 421,728	\$ 20,014,002	99.57%
2011	20,613,265	20,198,358	97.99%	404,147	20,602,505	99.95%
2012	20,735,196	20,224,636	97.54%	385,235	20,609,871	99.40%
2013	20,882,442	20,315,733	97.29%	391,301	20,707,034	99.16%
2014	23,715,401	23,020,269	97.07%	484,956	23,505,225	99.11%
2015	22,202,107	21,409,286	96.43%	521,122	21,930,408	98.78%
2016	22,816,003	22,223,820	97.40%	352,234	22,576,054	98.95%
2017	23,307,366	22,902,097	98.26%	265,927	23,168,024	99.40%
2018	23,943,044	23,190,371	96.86%	124,695	23,315,066	97.38%
2019	24,141,257	23,614,748	97.82%	-	23,614,748	97.82%

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	General Bonded Debt		Other Governmental Activities Debt		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	Notes	General Obligation Bonds	Notes				
2010	5,891,000	-	376,359	-	5,954,573	-	\$ 12,221,932	4.30%	1.05%	\$ 1,087
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

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, 2019

Table 9

Total Tax Collection, Including Interest and Lien Fees for Prior Fiscal Year	\$ 23,753,853
Reimbursement for Revenue Loss on:	
Tax Relief for Elderly and Disabled (Prior Year)	1,064
Base	<u>\$ 23,754,917</u>

	General Long-Term Debt			
	General Purposes	Schools	Urban Renewal	Enterprise
	(2.25 x base)	(4.50 x base)	(3.25 x base)	(3.75 x base)
Debt Limitation:				
Statutory Debt Limits by Function	\$ 53,448,563	\$ 106,897,127	\$ 77,203,480	\$ 89,080,939
Indebtedness:				
Bonds Payable	2,096,000	-	-	460,000
Clean Water Fund Loans	-	-	-	271,475
Total Indebtedness	2,096,000	-	-	731,475
Debt Limitation in Excess of Debt*	\$ 51,352,563	\$ 106,897,127	\$ 77,203,480	\$ 88,349,464

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$166,284,419.

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

Table 10

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limitation	\$ 144,552,366	\$ 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
Total net debt applicable to limit	<u>\$ 11,845,575</u>	<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>
Legal debt margin	<u>\$ 132,706,791</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	8.19%	7.41%	6.38%	5.54%	4.29%	4.03%	3.48%	2.79%	2.23%	1.70%

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 2019 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, 2019

Direct Debt

General Obligation Bonds	\$ 2,556,000
Notes and Loans Payable	271,475
Capital Leases	<u>254,374</u>

Total Direct Debt 3,081,849

Total Net Direct Debt (a) 2,096,000

Overlapping Debt

-

Total Net Overall Debt \$ 2,096,000

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

TOWN OF WINCHESTER, CONNECTICUT

Table 12

Current Debt Ratios

June 30, 2019

1 Population	10,739
Net Taxable Grand List (10/1/17) (70%)	\$ 714,246,000
Estimated Full Value	\$ 1,020,351,000
1 Equalized Net Taxable Grand List (2017)	\$ 1,013,459,790
1 Per Capita Income	\$ 32,363

	<u>Total</u> <u>Direct Debt</u>	<u>Total Net</u> <u>Direct Debt</u>	<u>Total Net</u> <u>Overall Debt</u>
	\$ 3,081,849	\$ 2,096,000	\$ 2,096,000
Per Capita	\$ 286.98	\$ 195.18	\$ 195.18
Ratio to Net Taxable Grand List	0.43%	0.29%	0.29%
Ratio to Estimated Full Value	0.30%	0.21%	0.21%
Ratio to Equalized Net Taxable Grand List	0.30%	0.21%	0.21%
Debt per Capita to Money Income per Capita	0.89%	0.60%	0.60%

1 State of Connecticut Municipal Fiscal Indicators, Office of Policy and Management 2013-2017

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)
2010	11,242	\$ 284,321	\$ 25,291	40	12+	979	8.7%
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+	554	3.8

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	2019			2010		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Winchester	239	1	4.12%	270	1	4.83%
Howmet Corporation	185	2	3.19%	185	2	3.31%
Electric Motion	130	3	2.24%	140	3	2.50%
NW CT Community College	100	4	1.72%	100	4	1.79%
Foothills Visiting Nurse/Home Care	65	5	1.12%	65	7	1.16%
ICS	55	6	0.95%	55	8	0.98%
DRT Power Systems	51	7	0.88%			
Sterling Sintered Technologies	49	8	0.84%	55	9	0.98%
Northwest Community Bank	48	9	0.83%	85	5	1.52%
Barden Corporation	19	10	0.33%			
Superior Energy				40	10	0.72%
Homer D Bronson Co				70	6	1.25%

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<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	5.5	6.0	6.0	6.0	6.0	4.0	7.0	7.0	7.0	7.0
Planning	-	1.0	1.0	1.0	1.0	-	-	-	2.0	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	7.0	8.0	8.0	8.0	9.0	8.0	9.0	8.0	7.0
<u>Public Safety</u>										
Officers	23.0	23.0	20.0	18.0	18.0	16.0	17.0	18.0	20.0	21.0
Civilians	4.0	5.0	5.0	4.0	3.0	4.0	4.0	4.0	5.0	5.0
<u>Public Works</u>										
	15.0	12.0	11.0	9.0	10.0	9.0	9.0	12.0	13.0	15.0
<u>Parks and Recreation</u>										
	2.0	2.0	-	1.0	-	-	-	-	1.0	1.0
<u>Water and Sewer Authority</u>										
	13.0	11.0	11.0	10.0	10.0	10.0	10.0	9.0	7.0	10.0
<u>Human Services</u>										
	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	72.0	71.0	72.0	71.0	66.0	73.0	67.0	62.0	67.0	99.0
Noncertified	92.0	64.0	85.0	73.0	85.0	70.0	71.0	82.0	71.0	93.0
Total	<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>	<u>266.0</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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government										
Workers Compensation										
Claims Processed	14	36	20	22	24	24	31	35	39	46
General Liability										
Claims Processed	19	6	14	6	30	27	17	9	27	34
Marriage Licenses Recorded	70	178	102	61	105	109	99	88	100	78
Birth Certificates Recorded	67	76	99	89	73	105	83	115	100	101
Death Certificates Recorded	97	117	106	125	121	125	125	130	128	122
Boards and Agencies										
Registered Voters	5,919	5,737	6,125	5,566	6,660	6,916	6,815	6,815	6,825	6,732
Elections and Referendums	4	2	5	4	4	4	7	3	2	2
Planning and Development										
Building Permits Issued	669	579	595	696	626	585	639	705	704	733
Rental Certificate of Occupancy Issued	190	48	78	40	67	28	66	90	239	142
Value of Building Permits	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	15,766,459
Public Safety										
Arrests	1,396	375	422	393	655	394	487	556	935	972
Parking Violations	186	321	199	198	499	96	872	1,197	1,200	1,289
Traffic Accidents	327	393	323	353	816	408	393	400	390	410
Traffic Stops	1,401	1,259	739	772	1,320	1,149	1,438	2,162	2,289	2,390
Police Calls	9,169	9,318	8,661	8,260	8,816	9,310	10,436	11,581	12,790	12,978
Animal Control Calls	350	217	160	362	624	204	307	409	550	499
Fire Dispatched	69	114	152	279	718	188	269	489	648	298
Ambulance Requests	1,044	954	897	1,142	1,284	1,245	1,357	1,737	1,569	1,532
Public Works										
Miles of Roads Maintained	81	81	81	81	81	81	81	81	81	81
Parks and Recreation										
Community Event Participants	745	702	655	506	452	325	1,538	1,750	1,250	3,278
Recreation Program Participants	855	865	844	740	627	1,550	1,468	1,520	1,595	2,198
Annual Participants	1,600	1,567	1,499	1,246	1,079	875	3,006	3,270	2,845	5,476

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

Table 16

Page 2 of 2

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Libraries										
Volumes in Collection	33,552	34,291	34,240	36,361	40,627	43,058	46,884	48,982	59,745	77,466
Collection Size	36,731	37,575	38,970	40,369	45,157	47,258	52,098	44,291	53,979	61,045
Senior Citizens										
Meals on Wheels										
Provided - Anually	29,966	34,100	32,570	35,170	36,108	35,793	37,802	37,802	37,600	36,750
Meals at Senior Center										
Provided - Anually	5,788	5,676	5,632	6,274	6,897	8,171	7,172	7,172	7,000	9,800
Van Rides Provided to Seniors - Anually	4,182	2,666	5,632	5,385	4,670	4,482	6,504	6,504	6,000	11,000
Senior Mini-Bus Trips - number of senior anually	90	115	378	179	206	143	793	793	850	1,000
NW Transit Rides for Winsted Residents	7,164	16,951	11,353							
Education										
Workers Compensations										
Claims Processed	34	32	48	51	16	25	22	17	13	14
Elementary Schools	1	1	1	2	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	1	1	-	-	1	-	4	9
Water Main Breaks	4	6	4	3	-	1	3	4	7	5
Average Daily Consumption (million of gallons)	0.90	1.03	0.94	0.99	0.93	0.93	0.85	0.85	0.98	0.95
Peak Daily Consumption (million of gallons)	1.49	1.34	1.29	1.29	1.32	1.32	1.17	1.22	1.29	1.12
Sewer										
Average Daily Sewage Treatment (mil. of gallons)	1.81	1.44	1.26	1.23	1.37	1.49	1.43	1.64	3	3

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<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	12	11	11	12	12	12	6	9	11
Fire Vehicles	11	12	12	12	9	9	9	8	8	7
<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	60	55	54	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