

**TOWN OF WINCHESTER
CONNECTICUT**

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2018

Prepared By
Winchester Finance Department
Winsted, Connecticut 06098

TOWN OF WINCHESTER, CONNECTICUT

Table of Contents

Introductory Section

	<u>Page</u>
List of Elected and Appointed Officials	1
Organizational Chart of the Town Government	2
Letter of Transmittal	3

Financial Section

Independent Auditor's Report	8
Management's Discussion and Analysis	10

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position	19
Statement of Activities	20

Fund Financial Statements:

Governmental Funds

Balance Sheet	21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24

Proprietary Funds

Statement of Net Position	25
Statement of Revenues, Expenses and Changes in Fund Net Position	26
Statement of Cash Flows	27

Fiduciary Funds

Statement of Fiduciary Net Position	28
Statement of Changes in Fiduciary Net Position	29

Notes to the Financial Statements	30
-----------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

Schedule of Revenues and Expenditures – Budget and Actual	69
Summary of Significant Accounting Principles	73

Pension Plan

Schedule of Changes of Net Pension Liability and Related Ratios	74
Schedule of Contributions	75
Schedule of Investment Returns	76
Schedule of Town's Proportionate Share of the Net Pension Liability and Schedule of Contributions - Municipal Employees Retirement System	77

TOWN OF WINCHESTER, CONNECTICUT

Table of Contents

Schedule of Changes in the Net OPEB Liability	78
Schedule of the Town's Proportionate Share of the Net Pension Liability – Teachers Retirement Plan	79
Schedule of Town's Proportionate Share of the Net OPEB Liability – Teachers Retirement Plan	80

SUPPLEMENTAL, COMBINING INDIVIDUAL NONMAJOR FUND STATEMENTS, AND SCHEDULES

Nonmajor Governmental Funds	
Combining Balance Sheet	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	84
Fiduciary Funds	
Combining Statement of Changes in Assets and Liabilities	87
Supplemental Schedules	
Schedule of Property Taxes Levied, Collected, and Outstanding	88
Schedule of Water and Sewer Rents Levied, Collected, and Outstanding	89

Statistical Section

Table

Financial Trends	
1 Net Position by Component	90
2 Change in Net Position	91
3 Fund Balances of Governmental Funds	93
4 Revenues, Expenditures and Changes in Fund Balances, Governmental Funds	94
Revenue Capacity	
5 Assessed and Estimated Actual Value of Taxable Property	95
6 Principal Property Taxpayers	96
7 Property Tax Levies and Collections	97
Debt Capacity	
8 Ratios of Outstanding Debt by Type	98
9 Schedule of Debt Limitation	99
10 Legal Debt Margin Information	100
11 Debt Statement	101
12 Current Debt Ratios	102
Demographic and Economic Statistics	
13 Demographic and Economic Statistics	103
14 Principal Employers	104
Operating Information	
15 Full-Time Equivalent Town Government Employees by Function/Program	105
16 Operating Indicators by Function/Program	106
17 Capital Asset Statistics by Function/Program	108

Introductory Section

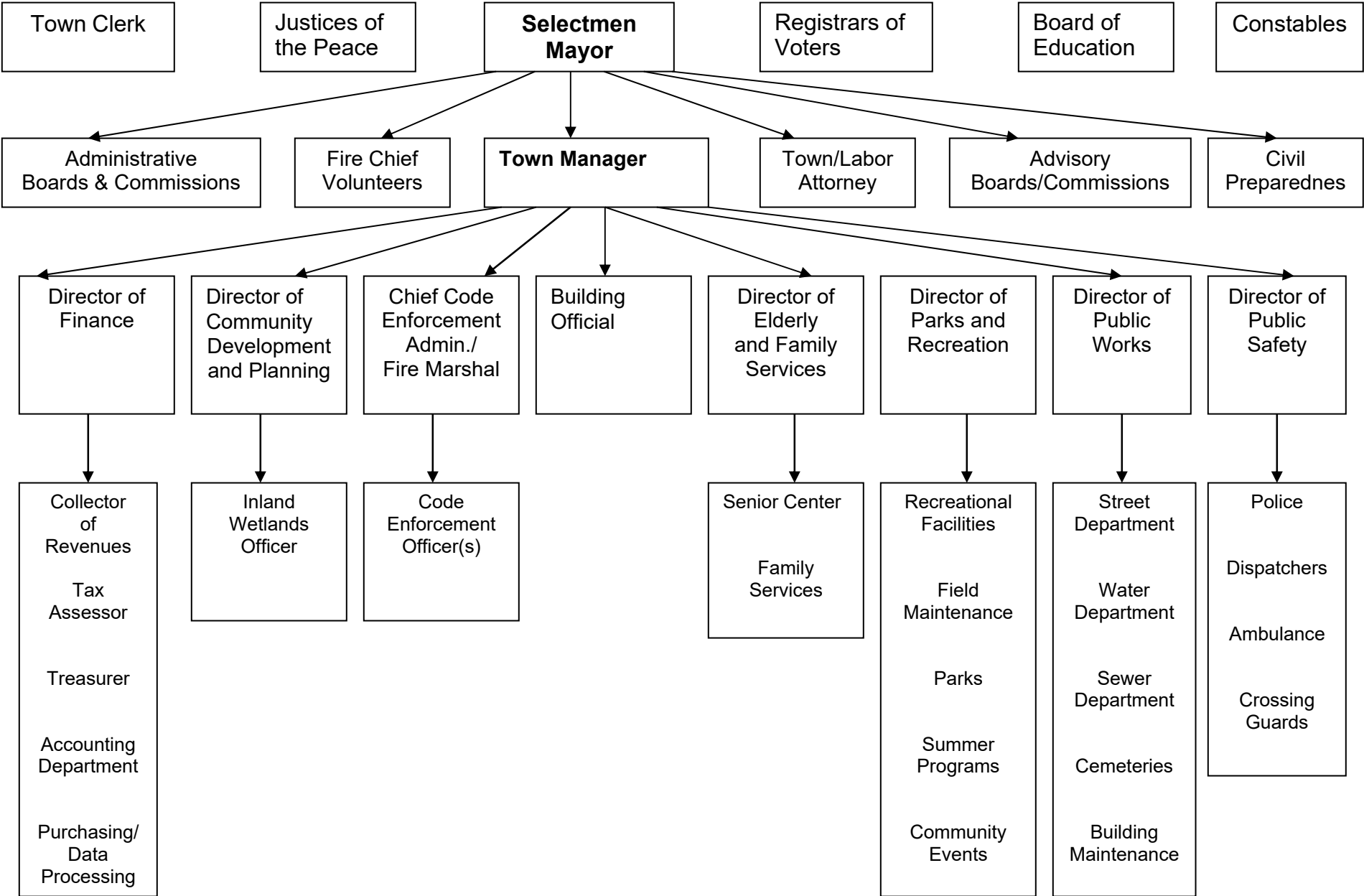
TOWN OF WINCHESTER, CONNECTICUT

List of Elected and Appointed Officials

As of June 30, 2018

<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
	Walter St. Onge, Jr.	Appointed
	Samuel Demonstranti	Alternate
	Joel Stewart	Alternate
	Todd Arcelaschi	Liason
Director of Public Works:	James Rollins	Appointed
Town Manager:	Robert Geiger	Appointed
Director of Finance:	Bruce B. Stratford	Appointed
Treasurer:	Cynthia E. Rines	Appointed
Tax Collector:	Halaree Monnerat	Appointed
Town Clerk:	Sheila S. Sedlack	Elected
Purchasing Agent:	Mark A. Douglass	Appointed
Town Assessor:	Rhonda Roy	Appointed
Superintendent of Schools:	Melony Brady-Shanley	Appointed

TOWN OF WINCHESTER, CONNECTICUT
Organizational Chart of the Town Government





TOWN OF WINCHESTER – CITY OF WINSTED

Town Hall – 338 Main Street

WINSTED, CONNECTICUT 06098

December 20, 2018

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, 2018 (FY18). 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 FY18.

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, 2018. 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 in the mid 1700's and incorporated as a Town in 1771. The Town sits at the crossroads of U.S. Route 44 and State Route 8. State Routes 20 and 183 also traverse the Town. The Town has approximately eighty miles of Town roads, of which approximately seventy-five miles are paved. State-controlled and maintained roads account for an additional twenty-three miles.

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

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

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

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, retail, health care and social services categories. Recent data from The CT Data Collaborative indicates that Winchester's 2012-2016 median household income was \$57,429, as compared to the State of Connecticut's \$71,755. 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 statistical property revaluation (excluding a physical inspection of all properties) in 2017. The real estate tax base is primarily zoned residential (85%) with an important industrial and commercial presence (11%).

The Town of Winchester's bond rating was reduced in June 2013, from A1 to A2. The primary reasons cited for this downgrade were unexplained shortfalls of cash, later attributed to embezzlement by a former finance director, and the lack of current financial reports. Shortly thereafter, the rating was withdrawn due to the same factors. 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, 2018, the Town's unassigned General Fund balance was \$6,788,756 which represents 21 percent of FY18 General Fund expenditures. The Town will seek a new bond rating with its next issue of general obligation bonds.

As evidence that the Town has made significant progress in restoring its fiscal condition, in March 2018 the Yankee Institute for Public Policy rated Winchester as one of 110 fiscally healthy towns in Connecticut based on financial results posted for the fiscal year ended June 30, 2016. Of 169 municipalities in the state, Winchester ranked 23rd with a score of 82 out of a possible 100 points. For further information please see [Warning Signs: Assessing Municipal Fiscal Health in Connecticut](#) by Mark Fitch with data analysis by Marc Joffe.

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 2017 the Town was awarded \$1.5 million to extend the Sue Grossman Trail, a bike and pedestrian greenway, into the downtown area.

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

Comprehensive Economic Development Strategy (CEDS)

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

Regional Outreach

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

Brownfields

In 2015 the Town was awarded \$600,000 in State of Connecticut grants for brownfield assessment and remediation of a long-vacant and deteriorating town-controlled site: \$100,000 was funded by the Department of Community and Economic Development's Municipal Brownfield Assessment and Inventory (MBAI) program, and the remaining \$500,000 was received from the Office of Policy and Management's Small Town Economic Assistance Program (STEAP). The remediation of this property was completed in 2017 and the site is being redeveloped as Winsted Edge Works.

Labor Contracts

On June 30, 2018 three separate collective bargaining agreements expired. As of the date of this letter the Secretaries contract (9 employees) and the Supervisors contract (13 employees) have been extended for three years with annual pay increases of two percent. A three-year extension on the Public Works contract (20 employees) is still being negotiated.

Infrastructure Improvements

From January 2014 through November 2018 the Town has treated and improved approximately 24 miles of asphalt roads representing 32 percent of its paved roads. As part of this program, this past summer HIPAR (Hot In Place Asphalt Recycling) technology was used to improve 5.5 miles of roads at considerable savings over the traditional "mill and pave" treatment. Also during this past summer, the South Main Street water main was relined extending its useful life another 50 years.

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 using a full encumbrance system, which encumbers appropriations upon the issuance of purchase orders. Encumbrances outstanding at year-end are recorded as budgetary expenditures and reported as a reservation of the fund balance at June 30. Transfers within a department may be made during the fiscal year upon approval by the Board of Selectmen. Transfers between departments can only be made during the last three months of the fiscal year, once again, with approval by the Board of Selectmen. Management cannot amend the budget.

Fiduciary Fund Operation

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

Acknowledgements

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Bruce B. Stratford". The signature is written in a cursive style with a large initial "B".

Bruce B. Stratford CPA CFE CFF
Director of Finance

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 9 to the financial statements, the Town adopted new accounting guidance, GASBS No. 75, *Accounting and Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB schedules on pages 10 to 18 and 69 to 80 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

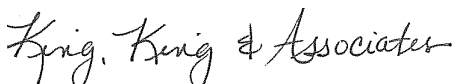
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winchester, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented 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 19, 2018 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 19, 2018

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2018

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, 2018.

Financial Highlights

- The assets of the Town of Winchester exceeded its liabilities at the close of the most recent fiscal year by \$69,464,561 (*net position*). Governmental activities reflect a negative unrestricted net position in the amount of (\$1,977,467) 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 \$3,061,410.
- The government's total net position increased by \$3,255,948.
- As of the close of the current fiscal year, the Town of Winchester's governmental funds reported combined ending fund balances of \$11,301,967, an increase of \$1,134,679 in comparison with the prior year.
- At the end of the current fiscal year, unassigned and total fund balances for the General Fund were \$6,788,756 and \$8,161,793, 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, 2018

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.

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.

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 30-68 of this report.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2018

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 exceeded liabilities by \$69,464,561 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 14,577,279	\$ 13,023,506	\$ 3,428,969	\$ 2,893,893	\$ 18,006,248	\$ 15,917,399
Capital Assets	<u>43,103,193</u>	<u>42,443,292</u>	<u>27,008,600</u>	<u>27,871,524</u>	<u>70,111,793</u>	<u>70,314,816</u>
Total Assets	<u>57,680,472</u>	<u>55,466,798</u>	<u>30,437,569</u>	<u>30,765,417</u>	<u>88,118,041</u>	<u>86,232,215</u>
Deferred Outflows of Resources	<u>1,777,855</u>	<u>2,614,898</u>	<u>39,432</u>	<u>57,214</u>	<u>1,817,287</u>	<u>2,672,112</u>
Long-term Liabilities	13,658,749	14,485,738	1,403,073	1,830,939	15,061,822	16,316,677
Other Liabilities	<u>2,492,759</u>	<u>1,971,240</u>	<u>197,451</u>	<u>133,933</u>	<u>2,690,210</u>	<u>2,105,173</u>
Total Liabilities	<u>16,151,508</u>	<u>16,456,978</u>	<u>1,600,524</u>	<u>1,964,872</u>	<u>17,752,032</u>	<u>18,421,850</u>
Deferred Inflows of Resources	<u>2,718,735</u>	<u>4,273,864</u>	<u>-</u>	<u>-</u>	<u>2,718,735</u>	<u>4,273,864</u>
Net Position:						
Net Investment in Capital Assets	40,271,477	39,174,225	25,815,067	26,225,709	66,086,544	65,399,934
Restricted	2,294,074	2,243,173	-	-	2,294,074	2,243,173
Unrestricted	<u>(1,977,467)</u>	<u>(4,066,544)</u>	<u>3,061,410</u>	<u>2,632,050</u>	<u>1,083,943</u>	<u>(1,434,494)</u>
Total 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>

\$66,086,544 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.

\$1,323,622 of the restricted portion of the Town of Winchester's net position represents net position restricted for Community Development, \$99,828 is restricted for Soldiers Monument Restoration, \$175,867 is restricted for Grants & Donations, and \$272,009 is restricted for other purposes. The remaining restricted portion, \$422,748, represents net position restricted for purposes of trust. Unrestricted net position in the amount of \$1,083,943 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, 2018

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 23,671,362	\$ 23,220,525	\$ -	\$ -	\$ 23,671,362	\$ 23,220,525
Unrestricted Grants & Contributions	1,438,792	475,567	-	-	1,438,792	475,567
Unrestricted Investment Income	109,476	41,920	-	-	109,476	41,920
Other General Revenues, Net	62,573	90,129	-	-	62,573	90,129
<i>Program Revenues:</i>						
Charges for Services	886,718	916,260	3,615,611	3,702,975	4,502,329	4,619,235
Operating Grants and Contributions	13,813,593	15,412,406	-	-	13,813,593	15,412,406
Capital Grants and Contributions	175,276	469,124	-	-	175,276	469,124
Total Revenues	40,157,790	40,625,931	3,615,611	3,702,975	43,773,401	44,328,906
EXPENSES						
<i>Governmental Activities:</i>						
General Government	2,979,380	3,118,521	-	-	2,979,380	3,118,521
Public Safety	4,228,958	3,969,616	-	-	4,228,958	3,969,616
Public Works	3,019,953	2,592,077	-	-	3,019,953	2,592,077
Health	454,403	468,627	-	-	454,403	468,627
Library	216,174	214,034	-	-	216,174	214,034
Parks and Recreation	274,774	269,537	-	-	274,774	269,537
Waste Disposal and Recycling	200,940	225,040	-	-	200,940	225,040
Interest on Long-Term Debt	121,162	131,350	-	-	121,162	131,350
Education	25,363,648	26,996,253	-	-	25,363,648	26,996,253
<i>Business-Type Activities:</i>						
Waterworks	-	-	1,703,776	1,581,381	1,703,776	1,581,381
Sewer	-	-	1,957,077	1,877,644	1,957,077	1,877,644
Total Expenses	36,859,392	37,985,055	3,660,853	3,459,025	40,520,245	41,444,080
Change in Net Position Before Transfers, and Contributions to Permanent Funds	3,298,398	2,640,876	(45,242)	243,950	3,253,156	2,884,826
Transfers	(63,960)	(66,288)	63,960	66,288	-	-
Contributions to Permanent Funds	2,792	2,550	-	-	2,792	2,550
Change in Net Position	3,237,230	2,577,138	18,718	310,238	3,255,948	2,887,376
Beginning Net Position, Restated	37,350,854	34,773,716	28,857,759	28,547,521	66,208,613	63,321,237
Ending Net Position	\$ 40,588,084	\$ 37,350,854	\$ 28,876,477	\$ 28,857,759	\$ 69,464,561	\$ 66,208,613

Governmental Activities

Governmental activities increased the Town of Winchester's net position by \$3,237,230. Fifty-nine percent (59%) of the revenues of the Town were derived from property taxes, followed by thirty-eight percent (38%) from intergovernmental, two percent (2%) from Fees for services, and one percent (1%) from other.

TOWN OF WINCHESTER, CONNECTICUT
 Management's Discussion and Analysis
 June 30, 2018

Major revenue factors include:

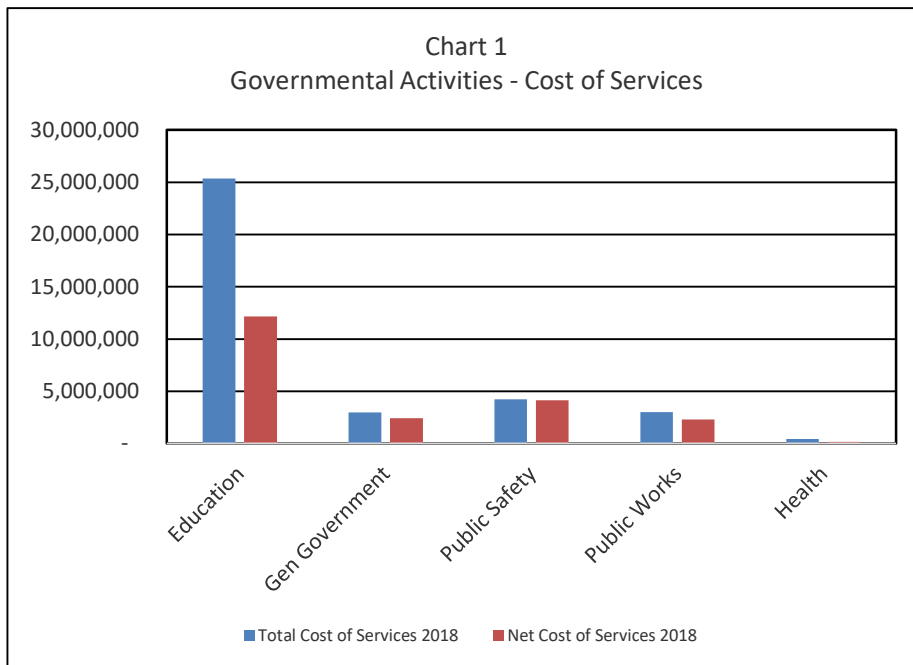
- \$929,000 decrease (6%) in Grants and Contributions primarily related to the Education function as the Board of Education resumed control of the school system after the State Receiver concluded his assignment.
- \$451,000 increase (2%) in Property Taxes due to 2.4% growth in the grand list and related increased tax levy. The mil rate remained unchanged at 33.54.

For Governmental Activities, 69% of the Town's expenses relate to education, 13% relate to public safety and health, 8% relate to public works, and the remaining 10% relates to government and community services, administration, and other areas.

Major expense factors include:

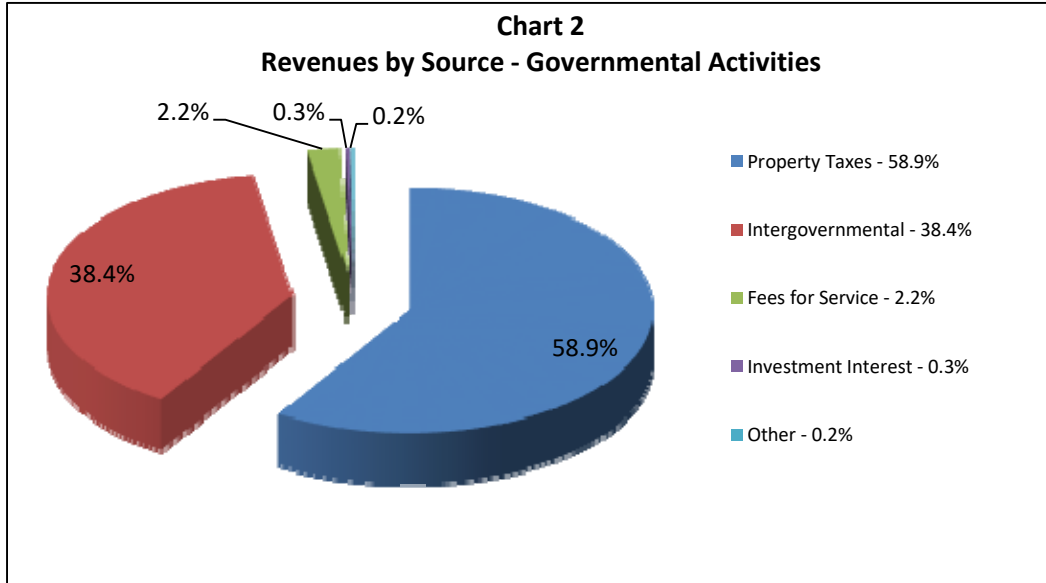
- \$139,000 decrease (4%) in General Government expense primarily due to staff retirements.
- \$427,000 increase (16%) in Public Works expense primarily due to significant roadway, bridge and sidewalk improvements consistent with additional fiscal year 2018 funding appropriations.
- \$1,723,000 decrease (6%) in Education expense primarily due to related lower education grants and transitioning from the state receiver to a new school administration.
- \$259,000 increase (7%) in Public Safety expense primarily due to added police officers.

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, 2018

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

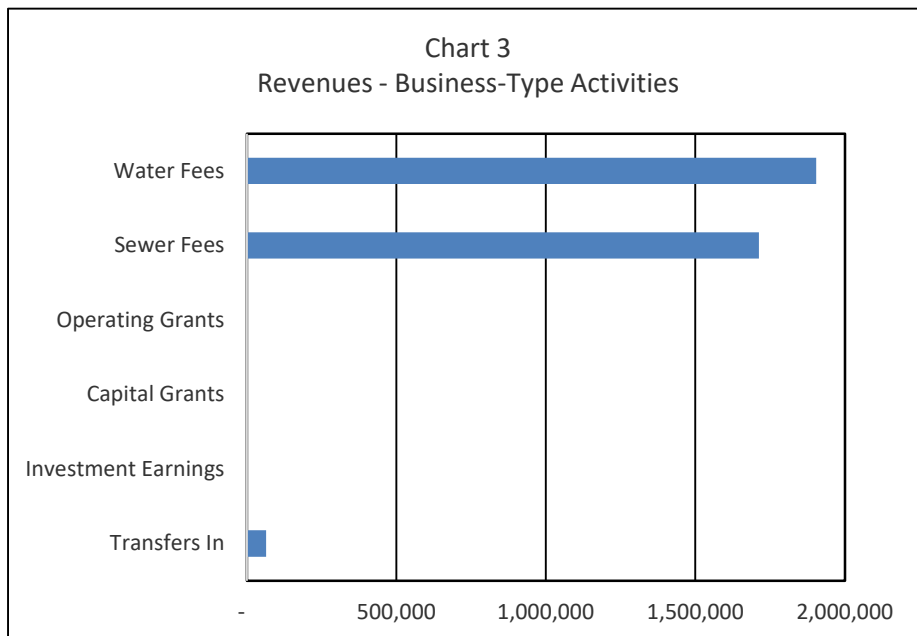


Business-Type activities

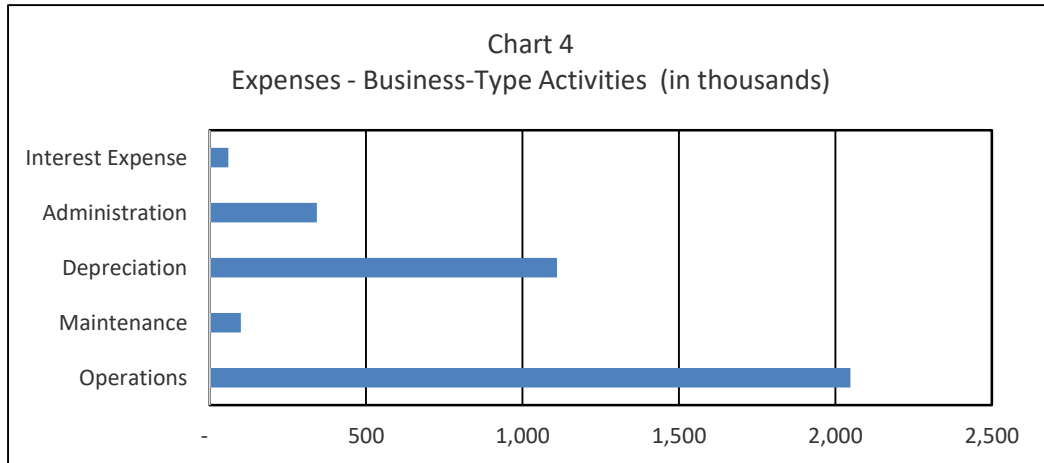
Business-type activities increased the Town of Winchester's net position by \$18,718. One hundred percent (100%) of the revenues of the business-type activities were derived from charges for services. Key elements of enterprise fund performance are as follows:

- Total revenues decreased by \$87,000 (2%) compared to the previous year's revenues.
- Total expenses increased by \$202,000 (6%) compared to the previous year's expenses.

Charts 3 and 4 reflect the water/sewer utility operations for fiscal year 2018 regarding sources of revenue and classes of expenses.



TOWN OF WINCHESTER, CONNECTICUT
 Management's Discussion and Analysis
 June 30, 2018



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 \$11,301,967, an increase of \$1,134,679 in comparison with the prior year.

The General Fund is the chief operating fund of the Town of Winchester. At June 30, 2018, the General Fund balance was \$8,161,793 of which \$105,025 was committed to education and \$1,268,012 was committed to capital improvements: \$200,000 for accounting system upgrades, \$250,000 for redeployment of the Mary P. Hinsdale School, and \$818,012 for road repairs. The remaining \$6,788,756 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, 2018, unassigned and total General Fund balances represented 21% and 25% of total General Fund expenditures, respectively.

The fund balance of the Town of Winchester's General Fund increased by \$830,000 during the current fiscal year.

General Fund Budgetary Highlights

The General Fund Balance increased primarily due to the following:

- \$351,000 of intergovernmental revenues in excess of budget.
- \$104,000 of other local revenues in excess of budget.
- \$216,000 of expenditure savings in the General Government function.
- \$105,000 of expenditure savings in the Education function. These funds have been transferred to a non-lapsing Education function account as permitted by Connecticut statutes.

TOWN OF WINCHESTER, CONNECTICUT

Management's Discussion and Analysis

June 30, 2018

- \$77,000 of expenditure savings in the Public Works function.
- \$52,000 of expenditure savings in the Public Safety function.
- Partially offset by \$141,000 of lower property taxes, interest and lien fees collected compared to the budget.

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, 2018, amounts to \$70,111,793 (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:

- Donation of bank owned land and building to the Town.
- Vehicle and equipment replacements (Public Works, Public Safety and Senior Center.)
- Roadway and sidewalk improvements.
- Engineering plans for Town improvements.

	<u>2018</u>	<u>2017</u>
<i>Governmental Activities:</i>		
Land	\$ 25,839,045	\$ 25,700,445
Construction in Progress	359,049	197,230
Buildings	1,869,331	1,094,761
Improvements	2,305,277	2,337,972
Machinery and Equipment	2,969,698	2,975,224
Infrastructure	9,760,793	10,137,660
	<u>\$ 43,103,193</u>	<u>\$ 42,443,292</u>
	<u>2018</u>	<u>2017</u>
<i>Business-type Activities:</i>		
Land	\$ 92,847	\$ 92,847
Construction in Progress	60,263	-
Buildings	17,191,642	17,902,458
Improvements	1,377,946	1,437,366
Machinery and Equipment	260,739	192,176
Infrastructure	8,025,163	8,246,677
	<u>\$ 27,008,600</u>	<u>\$ 27,871,524</u>

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

TOWN OF WINCHESTER, CONNECTICUT
 Management's Discussion and Analysis
 June 30, 2018

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	\$ 2,516,000	Aug. 2023
8/15/2002	Sewer	2.00-5.00	6,290,000	615,000	June 2022
1/15/2004	General Purpose (Water)	2.00-4.00	3,900,000	250,000	Aug. 2018
<u>Other</u>					
1/31/2008	Clean Water Fund Loans	2.00	642,019	304,301	Jan. 2027
	Total			<u>\$ 3,685,301</u>	

The Town of Winchester's total borrowings decreased by \$862,176 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 44-47 of this report.

Economic Factors and Next Year's Budgets and Rates

- Need for capital investment to address aging infrastructure and equipment.
- Uncertainty of State municipal aid grants continuing at historical funding levels.
- Weakness in the Connecticut economy.

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, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 12,199,522	\$ 2,204,366	\$ 14,403,888
Receivables, Net of Allowance	2,482,959	191,375	2,674,334
Other Assets	1,528	903,837	905,365
Internal Balances	(129,391)	129,391	-
Prepaid Expenses	22,661	-	22,661
Capital Assets:			
Assets Not Being Depreciated	26,198,094	153,110	26,351,204
Assets Being Depreciated, Net	16,905,099	26,855,490	43,760,589
Total Assets	<u>\$ 57,680,472</u>	<u>\$ 30,437,569</u>	<u>\$ 88,118,041</u>
Deferred Outflows of Resources:			
Deferred Pension Expense	1,777,855	-	1,777,855
Deferred Charge on Refunding	-	39,432	39,432
Total Deferred Outflows of Resources	<u>1,777,855</u>	<u>39,432</u>	<u>1,817,287</u>
Liabilities:			
Accounts Payable and Accrued Items	\$ 1,622,353	\$ 197,451	\$ 1,819,804
Due to Other Governments	203,130	-	203,130
Unearned Revenue:			
Advanced Property Tax Collections	47,957	-	47,957
Grants	619,319	-	619,319
Noncurrent Liabilities:			
Due Within One Year	948,965	531,824	1,480,789
Due In More Than One Year	12,709,784	871,249	13,581,033
Total Liabilities	<u>16,151,508</u>	<u>1,600,524</u>	<u>17,752,032</u>
Deferred Inflows of Resources:			
Pension Related	2,718,735	-	2,718,735
Total Deferred Inflows of Resources	<u>2,718,735</u>	<u>-</u>	<u>2,718,735</u>
Net Position:			
Net Investment in Capital Assets	40,271,477	25,815,067	66,086,544
Restricted for Community Development	1,323,622	-	1,323,622
Restricted for Soldiers Monument Restoration	99,828	-	99,828
Restricted for Grants & Donations	175,867	-	175,867
Restricted for Other Purposes	272,009	-	272,009
Restricted for Purposes of Trust:			
Nonexpendable	187,376	-	187,376
Expendable	235,372	-	235,372
Unrestricted	(1,977,467)	3,061,410	1,083,943
Total Net Position	<u>\$ 40,588,084</u>	<u>\$ 28,876,477</u>	<u>\$ 69,464,561</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, 2018

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Program Activities							
Governmental Activities:							
General Government	\$ 2,979,380	\$ 348,504	\$ 201,596	\$ -	\$ (2,429,280)	\$ -	\$ (2,429,280)
Library	216,174	-	-	-	(216,174)	-	(216,174)
Waste Disposal and Recycling	200,940	-	-	-	(200,940)	-	(200,940)
Public Safety	4,228,958	73,147	8,822	-	(4,146,989)	-	(4,146,989)
Public Works	3,019,953	250,008	300,486	175,276	(2,294,183)	-	(2,294,183)
Health	454,403	47,974	247,352	-	(159,077)	-	(159,077)
Parks and Recreation	274,774	20,000	-	-	(254,774)	-	(254,774)
Education	25,363,648	147,085	13,055,337	-	(12,161,226)	-	(12,161,226)
Interest on Long-Term Debt	121,162	-	-	-	(121,162)	-	(121,162)
Total Governmental Activities	<u>36,859,392</u>	<u>886,718</u>	<u>13,813,593</u>	<u>175,276</u>	<u>(21,983,805)</u>	<u>-</u>	<u>(21,983,805)</u>
Business-Type Activities:							
Waterworks	1,703,776	1,903,593	-	-	-	199,817	199,817
Sewer	1,957,077	1,712,018	-	-	-	(245,059)	(245,059)
Total Business-Type Activities	<u>3,660,853</u>	<u>3,615,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,242)</u>	<u>(45,242)</u>
Total Primary Government	<u>\$40,520,245</u>	<u>\$ 4,502,329</u>	<u>\$ 13,813,593</u>	<u>\$ 175,276</u>	<u>(21,983,805)</u>	<u>(45,242)</u>	<u>(22,029,047)</u>
General Revenues:							
Property Taxes					23,671,362	-	23,671,362
Grants and Contributions not Restricted to Specific Programs					1,438,792	-	1,438,792
Unrestricted Investment Earnings					109,476	-	109,476
Miscellaneous					62,573	-	62,573
Contributions to Permanent Fund Principal					2,792	-	2,792
Transfers					(63,960)	63,960	-
Total General Revenues and Transfers					<u>25,221,035</u>	<u>63,960</u>	<u>25,284,995</u>
Change in Net Position					3,237,230	18,718	3,255,948
Net Position at Beginning of Year, as Restated					<u>37,350,854</u>	<u>28,857,759</u>	<u>66,208,613</u>
Net Position at End of Year					<u>\$ 40,588,084</u>	<u>\$ 28,876,477</u>	<u>\$ 69,464,561</u>

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

TOWN OF WINCHESTER, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u>	Federal and State Education <u>Grants Fund</u>	Sewer <u>Assessment</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets					
Cash and Cash Equivalents	\$ 9,678,213	\$ -	\$ -	\$ 2,521,309	\$ 12,199,522
Receivables, Net of Allowance	542,626	-	284,181	1,557,081	2,383,888
Prepaid Expenditures	22,661	-	-	-	22,661
Due from Other Funds	571,570	619,319	-	165,497	1,356,386
Other Assets	-	-	-	1,528	1,528
Total Assets	<u>\$ 10,815,070</u>	<u>\$ 619,319</u>	<u>\$ 284,181</u>	<u>\$ 4,245,415</u>	<u>\$ 15,963,985</u>
Liabilities					
Accounts Payable and Accrued Items	\$ 1,418,534	\$ -	\$ 1,210	\$ 202,609	\$ 1,622,353
Due to Other Funds	787,263	-	678,411	20,103	1,485,777
Due to Other Governments	-	-	-	203,130	203,130
Unearned Revenue:					
Advanced Property Tax Collections	47,957	-	-	-	47,957
Grants	-	619,319	-	-	619,319
Total Liabilities	<u>2,253,754</u>	<u>619,319</u>	<u>679,621</u>	<u>425,842</u>	<u>3,978,536</u>
Deferred Inflows of Resources					
Unavailable Revenue:					
Property Taxes	399,523	-	-	-	399,523
Sewer Assessment Charges	-	-	283,959	-	283,959
Total Deferred Inflows of Resources	<u>399,523</u>	<u>-</u>	<u>283,959</u>	<u>-</u>	<u>683,482</u>
Fund Balances					
Nonspendable	-	-	-	1,451,413	1,451,413
Restricted	-	-	-	844,189	844,189
Committed	1,373,037	-	-	1,523,971	2,897,008
Unassigned	6,788,756	-	(679,399)	-	6,109,357
Total Fund Balances	<u>8,161,793</u>	<u>-</u>	<u>(679,399)</u>	<u>3,819,573</u>	<u>11,301,967</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,815,070</u>	<u>\$ 619,319</u>	<u>\$ 284,181</u>	<u>\$ 4,245,415</u>	<u>\$ 15,963,985</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, 2018

Fund balances reported in governmental funds Balance Sheet \$ 11,301,967

**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>	73,961,061
<i>Depreciation</i>	(30,857,868)

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>	399,523
<i>Sewer assessments receivable greater than 60 days</i>	283,959
<i>Interest receivable on property taxes</i>	85,394
<i>Interest receivable on sewer assessments</i>	13,677

Certain changes related to pensions are deferred and amortized over time (940,880)

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>	(2,516,000)
<i>Net Pension Liability</i>	(3,935,754)
<i>Net Pension Liability - MERS</i>	(1,380,023)
<i>OPEB liability</i>	(3,598,010)
<i>Capital leases payable</i>	(315,716)
<i>Claims and judgments</i>	(922,610)
<i>Early retirement incentives</i>	(26,000)
<i>Compensated Absences</i>	<u>(964,636)</u>

Net position of governmental activities **\$ 40,588,084**

TOWN OF WINCHESTER, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	<u>General</u>	<u>Federal and State Education Grants Fund</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Property Taxes, Interest and Lien Fees	\$ 23,659,495	\$ -	\$ -	\$ -	\$ 23,659,495
Intergovernmental Revenues	9,801,197	3,117,419	-	621,194	13,539,810
Interest and Dividends	95,673	-	-	13,803	109,476
Charges for Services	532,209	-	90,870	147,085	770,164
Licenses, Fees and Permits	193,575	-	-	-	193,575
Other Revenue	62,573	-	-	245,508	308,081
Total Revenues	<u>34,344,722</u>	<u>3,117,419</u>	<u>90,870</u>	<u>1,027,590</u>	<u>38,580,601</u>
Expenditures					
Current:					
General Government	2,928,180	-	-	170,635	3,098,815
Library	216,174	-	-	-	216,174
Miscellaneous	609,604	-	-	-	609,604
Waste Disposal and Recycling	200,940	-	-	-	200,940
Public Safety	3,848,234	-	-	-	3,848,234
Public Works	2,028,108	-	-	-	2,028,108
Health	335,617	-	-	247,352	582,969
Parks and Recreation	248,833	-	-	-	248,833
Education	20,930,300	3,117,419	-	411,887	24,459,606
Program and Project Expenditures	455,955	-	-	630	456,585
Debt Service:					
Principal Retirement	420,000	-	-	149,651	569,651
Interest	109,585	-	-	11,577	121,162
Capital Outlay	-	-	-	1,073,581	1,073,581
Total Expenditures	<u>32,331,530</u>	<u>3,117,419</u>	<u>-</u>	<u>2,065,313</u>	<u>37,514,262</u>
Excess/(Deficiency) of Revenues over Expenditures	2,013,192	-	90,870	(1,037,723)	1,066,339
Other Financing Sources/(Uses)					
Issuance of Capital Leases	-	-	-	132,300	132,300
Transfers In	36,376	-	-	1,219,565	1,255,941
Transfers Out	(1,219,565)	-	(100,336)	-	(1,319,901)
Total Other Financing Sources/(Uses)	<u>(1,183,189)</u>	<u>-</u>	<u>(100,336)</u>	<u>1,351,865</u>	<u>68,340</u>
Net Change in Fund Balances	830,003	-	(9,466)	314,142	1,134,679
Fund Balances at Beginning of Year	<u>7,331,790</u>	<u>-</u>	<u>(669,933)</u>	<u>3,505,431</u>	<u>10,167,288</u>
Fund Balances at End of Year	<u>\$ 8,161,793</u>	<u>\$ -</u>	<u>\$ (679,399)</u>	<u>\$ 3,819,573</u>	<u>\$ 11,301,967</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, 2018

Net change in fund balances - total governmental funds \$ 1,134,679

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>	1,910,963
<i>Depreciation expense</i>	(1,251,062)

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>	33,686
<i>Sewer assessment revenue accrual basis change</i>	(77,021)
<i>Interest income on property taxes</i>	(17,866)
<i>Interest income on sewer assessments</i>	(3,953)

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
---	---------

<i>Amortization of deferred outflows related to pension benefits</i>	(837,043)
<i>Amortization of deferred inflows related to pension benefits</i>	1,517,858

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>	17,351
<i>Net Pension Liability</i>	(58,554)
<i>Net Pension Liability - MERS</i>	233,577
<i>OPEB liability</i>	100,691
<i>Claims and judgments</i>	65,284
<i>Pollution Remediation</i>	10,267
<i>Early retirement incentives</i>	16,000
<i>Compensated Absences</i>	22,373

Change in net position of governmental activities \$ 3,237,230

TOWN OF WINCHESTER, CONNECTICUT

Statement of Net Position

Proprietary Funds

June 30, 2018

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,253,338	\$ 951,028	\$ 2,204,366
Rents and Assessments Receivable, Net	85,856	93,634	179,490
Interest Receivable	5,964	5,921	11,885
Accrued Utility Reserve	488,531	415,306	903,837
Total Current Assets	1,833,689	1,465,889	3,299,578
Noncurrent Assets:			
Due from Other Funds	60,645	620,213	680,858
Nondepreciable Capital Assets	123,475	29,635	153,110
Capital Assets, Net of Accumulated Deprecation	13,021,950	13,833,540	26,855,490
Total Noncurrent Assets	13,206,070	14,483,388	27,689,458
Total Assets	\$ 15,039,759	\$ 15,949,277	\$ 30,989,036
Deferred Outflows of Resources			
Unamortized Bond Costs	-	39,432	39,432
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Items	\$ 126,156	\$ 71,295	\$ 197,451
Due to Other Funds	-	300,000	300,000
Current Portion of Long-Term Debt	286,992	244,832	531,824
Total Current Liabilities	413,148	616,127	1,029,275
Noncurrent Liabilities:			
Due to Other Funds	-	251,467	251,467
Compensated Absences	46,247	75,353	121,600
Clean Water Fund Loans	-	271,475	271,475
Bonds Payable	-	478,174	478,174
Total Noncurrent Liabilities	46,247	1,076,469	1,122,716
Total Liabilities	459,395	1,692,596	2,151,991
Deferred Inflows of Resources			
	-	-	-
Net Position			
Net Investment in Capital Assets	12,895,425	12,919,642	25,815,067
Unrestricted	1,684,939	1,376,471	3,061,410
Total Net Position	\$ 14,580,364	\$ 14,296,113	\$ 28,876,477

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, 2018

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 1,873,446	\$ 1,686,419	\$ 3,559,865
Fines, Penalties and Interest	<u>30,147</u>	<u>25,599</u>	<u>55,746</u>
Total Operating Revenues	<u>1,903,593</u>	<u>1,712,018</u>	<u>3,615,611</u>
OPERATING EXPENSES			
Operations	1,023,179	1,024,863	2,048,042
Maintenance	36,593	63,382	99,975
Depreciation Expense	461,107	648,451	1,109,558
Administration	<u>168,596</u>	<u>174,901</u>	<u>343,497</u>
Total Operating Expenses	<u>1,689,475</u>	<u>1,911,597</u>	<u>3,601,072</u>
Operating Income/(Loss)	214,118	(199,579)	14,539
NONOPERATING EXPENSES			
Interest Expense	<u>(14,301)</u>	<u>(45,480)</u>	<u>(59,781)</u>
Income/(Loss) before Transfers, and Other Changes	<u>199,817</u>	<u>(245,059)</u>	<u>(45,242)</u>
Transfers:			
Transfers In	-	100,336	100,336
Transfers Out	<u>-</u>	<u>(36,376)</u>	<u>(36,376)</u>
Total Transfers	<u>-</u>	<u>63,960</u>	<u>63,960</u>
Change in Net Position	199,817	(181,099)	18,718
Net Position - Beginning of Year	<u>14,380,547</u>	<u>14,477,212</u>	<u>28,857,759</u>
Net Position - End of Year	<u>\$ 14,580,364</u>	<u>\$ 14,296,113</u>	<u>\$ 28,876,477</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, 2018

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers and Users	\$ 1,888,951	\$ 1,700,114	\$ 3,589,065
Receipts from Interfund Services	11,183	11,183	22,366
Payments to Employees	(157,343)	(161,738)	(319,081)
Payments to Suppliers	<u>(1,013,294)</u>	<u>(1,071,206)</u>	<u>(2,084,500)</u>
Net Cash Provided by Operating Activities	<u>729,497</u>	<u>478,353</u>	<u>1,207,850</u>
Cash Flows from Noncapital Financing Activities:			
Advance/(Repayment) from General Fund	23,660	(309,883)	(286,223)
Advance/(Repayment) from Sewer Assessments	-	(9,069)	(9,069)
Advance/(Repayment) from Proprietary Funds	<u>(209,058)</u>	<u>209,058</u>	<u>-</u>
Net Cash Used by Noncapital Financing Activities	<u>(185,398)</u>	<u>(109,894)</u>	<u>(295,292)</u>
Cash Flows from Capital and Related Financing Activities:			
Principal Payments on Bonds Payable	(250,000)	(160,000)	(410,000)
Principal Payments on Clean Water Fund Loans	-	(32,176)	(32,176)
Principal Payments on General Fund Bonds Payable	-	(29,000)	(29,000)
Purchase of Capital Assets	(206,587)	(40,047)	(246,634)
Interest Paid on Bonds Payable and Clean Water Fund Loans	(10,425)	(49,056)	(59,481)
Highland Lake Assessments	-	100,336	100,336
Net Cash Used by Capital and Related Financing Activities	<u>(467,012)</u>	<u>(209,943)</u>	<u>(676,955)</u>
Cash Flows from Investing Activities:			
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	77,087	158,516	235,603
Cash and Cash Equivalents at Beginning of Year	<u>1,176,251</u>	<u>792,512</u>	<u>1,968,763</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,253,338</u>	<u>\$ 951,028</u>	<u>\$ 2,204,366</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ 214,118	\$ (199,579)	\$ 14,539
Adjustments to Reconcile Income to Net Cash Provided by Operating Activities:			
Depreciation	461,107	648,451	1,109,558
Change in Assets and Liabilities:			
(Increase) Decrease in Rents Receivable	(4,002)	4,744	742
(Increase) Decrease in Interest Receivable	11,695	11,282	22,977
(Increase) Decrease in Accrued Utility Reserve	(11,152)	(16,747)	(27,899)
Increase (Decrease) in Accounts Payable and Accrued Expenses	46,478	17,039	63,517
Increase (Decrease) in Accrued Vacation and Sick Leave Benefits	11,253	13,163	24,416
Total Adjustments	<u>515,379</u>	<u>677,932</u>	<u>1,193,311</u>
Net Cash Provided by Operating Activities	<u>\$ 729,497</u>	<u>\$ 478,353</u>	<u>\$ 1,207,850</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, 2018

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ 45,720
Investments, at Fair Value:		
Short-Term Investments	390,597	-
Mutual Funds	<u>8,253,131</u>	<u>-</u>
Total Investments, at Fair Value	<u>8,643,728</u>	<u>-</u>
Accrued Income	<u>12,293</u>	<u>-</u>
Total Assets	<u>\$ 8,656,021</u>	<u>\$ 45,720</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Liabilities		
Fiduciary Deposits	<u>\$ -</u>	<u>\$ 45,720</u>
Total Liabilities	<u>-</u>	<u>\$ 45,720</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position		
Restricted for Pension Benefits	<u>\$ 8,656,021</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, 2018

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 739,680
Plan Members	84,438
Total Contributions	<u>824,118</u>
Investment Income:	
Net Appreciation/(Depreciation) in Fair Value of Investments	290,432
Interest	314,839
Total Investment Income	<u>605,271</u>
Total Additions	<u>1,429,389</u>
Deductions	
Benefits	821,986
Administrative expenses	55,808
Total Deductions	<u>877,794</u>
Change in Net Position	551,595
Net Position at Beginning of Year	<u>8,104,426</u>
Net Position at End of Year	<u>\$ 8,656,021</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.

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.

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.

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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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, 2018, the unassigned General Fund Balance represented 20.99% of the 2018 General Fund expenditures.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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.

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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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

Budgeted amounts are as originally adopted, or as amended by the Board of Selectmen. There were no additional appropriations for the year ended June 30, 2018.

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, 2018.

Detailed Cash Notes on all Funds

	Governmental Funds	Fiduciary Funds	Proprietary Funds	<u>Total</u>
Demand Accounts	\$ 12,199,522	\$ 45,720	\$ 2,204,366	\$ 14,449,608
Total	<u>\$ 12,199,522</u>	<u>\$ 45,720</u>	<u>\$ 2,204,366</u>	<u>\$ 14,449,608</u>

Deposits

Deposit Custodial Credit Risk -Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

At year-end, the Town’s carrying amount of deposits was \$14,449,608 and the bank balance was \$15,085,632. Of the bank balance, the Federal Depository Insurance Corporation insured \$896,195.

As of June 30, 2018, \$14,189,437 of the Town’s bank balance of \$15,085,632 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,695,493
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	<u>1,493,944</u>
Total	<u>\$ 14,189,437</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Investments

As of June 30, 2018, the Town had the following investments in the Pension Trust Fund:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Investment Maturities</u>		
				<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
Short-Term Investments	N/A	\$ 390,597	\$ -	\$ 390,597	\$ -	\$ -
Mutual Funds	N/A	8,253,131	8,253,131	-	-	-
Total Investments		<u>\$ 8,643,728</u>	<u>\$ 8,253,131</u>	<u>\$ 390,597</u>	<u>\$ -</u>	<u>\$ -</u>

N/A - Not Applicable

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

<u>Description</u>	<u>June 30, 2018</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	\$ 390,597	\$ 390,597	\$ -	\$ -
Mutual Funds	8,253,131	8,253,131	-	-
Total	<u>\$ 8,643,728</u>	<u>\$ 8,643,728</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk- The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

Custodial Credit Risk- Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Receivables

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

	Sewer			Nonmajor and Other		Total
	General Fund	Assessment	Waterworks	Sewer	Funds	
Receivables:						
Property taxes	\$ 436,098	\$ -	\$ -	\$ -	\$ -	\$ 436,098
Sewer assessment	-	284,181	-	-	-	284,181
Intergovernmental	-	-	-	-	294,572	294,572
Loans *	-	-	-	-	1,262,509	1,262,509
Interest, Liens, and Fees	-	-	5,964	5,921	-	11,885
Rents and assessments	-	-	101,762	101,839	-	203,601
Accounts	151,943	-	-	-	-	151,943
Gross receivables	<u>588,041</u>	<u>284,181</u>	<u>107,726</u>	<u>107,760</u>	<u>1,557,081</u>	<u>2,644,789</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>\$ 542,626</u>	<u>\$ 284,181</u>	<u>\$ 91,820</u>	<u>\$ 99,555</u>	<u>\$ 1,557,081</u>	<u>\$ 2,575,263</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	\$ 399,523	\$ -
Advanced property tax collections	-	47,957
Education Grants Fund:		
Unexpended Grant Receipts	-	619,319
Sewer Assessment:		
Assessments receivable not yet due	<u>283,959</u>	<u>-</u>
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 683,482</u>	<u>\$ 667,276</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Capital Assets

Capital asset activity for the year ended June 30, 2018 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	\$ 25,700,445	\$ 138,600	\$ -	\$ 25,839,045
Construction in Progress	197,230	173,282	(11,463)	359,049
Total capital assets, not being depreciated	<u>25,897,675</u>	<u>311,882</u>	<u>(11,463)</u>	<u>26,198,094</u>
Capital assets, being depreciated				
Buildings	4,364,446	811,315	-	5,175,761
Improvements	3,653,029	44,900	-	3,697,929
Machinery & Equipment	9,511,051	359,830	(112,400)	9,758,481
Infrastructure	28,893,794	394,499	(157,497)	29,130,796
Total capital assets, being depreciated	<u>46,422,320</u>	<u>1,610,544</u>	<u>(269,897)</u>	<u>47,762,967</u>
Less accumulated depreciation for:				
Buildings	3,269,685	36,745	-	3,306,430
Improvements	1,315,057	77,595	-	1,392,652
Machinery & Equipment	6,535,827	365,356	(112,400)	6,788,783
Infrastructure	18,756,134	771,366	(157,497)	19,370,003
Total accumulated depreciation, net	<u>29,876,703</u>	<u>1,251,062</u>	<u>(269,897)</u>	<u>30,857,868</u>
Total capital assets, being depreciated	<u>16,545,617</u>	<u>359,482</u>	<u>-</u>	<u>16,905,099</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 42,443,292</u>	<u>\$ 671,364</u>	<u>\$ (11,463)</u>	<u>\$ 43,103,193</u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated				
Land	\$ 92,847	\$ -	\$ -	\$ 92,847
Construction in Progress	-	60,263	-	60,263
Total capital assets, not being depreciated	<u>92,847</u>	<u>60,263</u>	<u>-</u>	<u>153,110</u>
Capital assets, being depreciated				
Buildings	35,540,811	-	-	35,540,811
Improvements	3,012,252	-	-	3,012,252
Machinery & Equipment	5,805,361	101,208	-	5,906,569
Infrastructure	15,698,940	85,163	-	15,784,103
Total capital assets, being depreciated	<u>60,057,364</u>	<u>186,371</u>	<u>-</u>	<u>60,243,735</u>
Less accumulated depreciation for:				
Buildings	17,638,353	710,816	-	18,349,169
Improvements	1,574,886	59,420	-	1,634,306
Machinery & Equipment	5,613,185	32,645	-	5,645,830
Infrastructure	7,452,263	306,677	-	7,758,940
Total accumulated depreciation	<u>32,278,687</u>	<u>1,109,558</u>	<u>-</u>	<u>33,388,245</u>
Total capital assets, being depreciated, net	<u>27,778,677</u>	<u>(923,187)</u>	<u>-</u>	<u>26,855,490</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 27,871,524</u>	<u>\$ (862,924)</u>	<u>\$ -</u>	<u>\$ 27,008,600</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	\$ 139,738
Public Safety	176,649
Public Works	853,621
Education	55,113
Parks and Recreation	<u>25,941</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 1,251,062</u>
Business-type activities	
Waterworks	\$ 648,451
Sewer	<u>461,107</u>
Total Depreciation Expense	
Business-Type Activities	<u>\$ 1,109,558</u>

Construction Commitments

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

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Holabird Avenue Bridge	\$ 154,752	\$ 5,000
Sucker Brook Road Bridge	<u>-</u>	<u>337,500</u>
	<u>\$ 154,752</u>	<u>\$ 342,500</u>

Except for certain engineering costs, the State of Connecticut has assumed management and financial responsibility for the Holabird Avenue Bridge Project. The West Road Bridge Project was completed in November 2017. In October 2017, the Town signed a contract with the State of Connecticut to rehabilitate the Sucker Brook Road Bridge at an estimated cost of \$1,687,500, 20% of which the Town is responsible for. At June 30, 2018, \$320,000 has been appropriated in the Capital Improvements Fund towards this project.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Interfund Transfers, Receivables, and Payables

Transfer from:				
Transfer to:	General Fund	Sewer Fund	Sewer Assessments	Total
General Fund	\$ -	\$ 36,376	\$ -	\$ 36,376
Cafeteria Fund	51,318	-	-	51,318
Capital Improvements Fund	1,168,247	-	-	1,168,247
Sewer Fund	-	-	100,336	100,336
	\$ 1,219,565	\$ 36,376	\$ 100,336	\$ 1,356,277

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, 2018 is as follows:

Due To:						
Due From:	General Fund	Nonmajor Funds	Federal and State Education Grants Fund	Water Fund	Sewer Fund	Total
General Fund	\$ -	\$ 163,497	\$ 621,319	\$ 2,447	\$ -	\$ 787,263
Nonmajor Funds	20,103	-	-	-	-	20,103
Sewer Assessments	-	-	-	-	678,411	678,411
Sewer Fund	551,467	-	-	-	-	551,467
Water Fund	-	-	-	-	141,802	141,802
	\$ 571,570	\$ 163,497	\$ 621,319	\$ 2,447	\$ 820,213	\$ 2,179,046

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, 2018 was as follows:

	Beginning Balance <u>Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds and notes	\$ 2,936,000	\$ -	\$ 420,000	\$ 2,516,000	\$ 420,000
Capital leases	333,067	132,300	149,651	315,716	135,050
Compensated absences	987,009	59,432	81,805	964,636	276,512
Heart and hypertension	987,894	-	65,284	922,610	99,403
Pollution remediation	10,267	-	10,267	-	-
Early retirement incentives	42,000	16,000	32,000	26,000	18,000
Net Pension Liability	3,877,200	58,554	-	3,935,754	-
Net Pension Liability-MERS	1,613,600	-	233,577	1,380,023	-
OPEB liability	<u>3,698,701</u>	<u>-</u>	<u>100,691</u>	<u>3,598,010</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 14,485,738</u>	<u>\$ 266,286</u>	<u>\$ 1,093,275</u>	<u>\$ 13,658,749</u>	<u>\$ 948,965</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 1,275,000	\$ -	\$ 410,000	\$ 865,000	\$ 405,000
Plus deferred amounts:					
Issuance premiums on refunding	<u>34,338</u>	<u>-</u>	<u>10,106</u>	<u>24,232</u>	<u>6,058</u>
Total bonds payable	1,309,338	-	420,106	889,232	411,058
Clean water fund loans	336,477	-	32,176	304,301	32,826
Compensated absences	<u>185,124</u>	<u>24,416</u>	<u>-</u>	<u>209,540</u>	<u>87,940</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,830,939</u>	<u>\$ 24,416</u>	<u>\$ 452,282</u>	<u>\$ 1,403,073</u>	<u>\$ 531,824</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	\$ 2,516,000
Water and Sewer:						
General refunding	8/15/2002	6,290,000	2-5%	6/1/2022	150,000 - 490,000	615,000
General refunding	1/15/2004	3,900,000	2-4%	8/1/2018	250,000	250,000
						\$ 3,381,000

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>
2019	420,000	92,701	405,000	35,763
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	\$ 2,516,000	\$ 303,027	\$ 865,000	\$ 83,489

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, 2018, was \$304,301. 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
2019	32,826	5,786
2020	33,488	5,124
2021	34,164	4,448
2022	34,854	3,758
2023	35,558	3,055
2024-2027	133,411	4,949
Total	<u>\$ 304,301</u>	<u>\$ 27,120</u>

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

Pollution Remediation

Pursuant to Federal and State laws, the Town completed its remediation of 32 Lake Street after incurring \$15,000 of project costs during fiscal year ending June 30, 2018. Total remediation costs incurred from the beginning of the project were \$433,000, which was reimbursed to the town via a State of Connecticut Small Town Economic Assistance Program (STEAP) grant. During the current fiscal year, the Town sold the 32 Lake Street buildings to a developer, who also entered into a 98-year ground lease for use of the 32 Lake Street land.

Early Retirement Incentives

During 2015, 2017, and 2018 the Board of Education offered the following options for each employee who was eligible and who opted to participate: 1) cash payment (less state and federal taxes and FICA contribution), payable in three equal installments, with the first payment paid to the employee on September 30th of the following fiscal year, with annual payments in each ensuing year being due on September 30th ; 2) cash payment and a contribution to each employee for three years as a subsidy towards that employee's health insurance costs, payable in three equal installments, with the first payment paid to the employee on September 30th of the following fiscal year, with annual payments in each ensuing year being due on September 30th. In 2015, six teachers chose early retirement, in 2017, two teachers chose early retirement, and in 2018, two teachers chose early retirement. A liability of \$26,000 is recorded in the government-wide financial statements.

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	\$ 657,945
Less accumulated depreciation	<u>(122,613)</u>
Total	<u>\$ 535,332</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

	<u>Governmental Activities</u>
Year ending June 30:	
2019	145,436
2020	94,671
2021	<u>94,671</u>
Total	334,778
Less amount representing interest	<u>(19,062)</u>
Total	<u><u>\$ 315,716</u></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, 2018 are as follows:

	General Fund	Sewer Assessment Fund	Non-Major Governmental Funds	Total
Fund balances:				
Nonspendable:				
Small Cities	\$ -	\$ -	\$ 1,262,509	\$ 1,262,509
Winchester Memorial Park Fund	-	-	8,300	8,300
Jane A Nisbet Fund	-	-	250	250
Town Park Fund	-	-	6,911	6,911
Cafeteria Fund	-	-	1,528	1,528
Forest View Cemetery Fund	-	-	138,267	138,267
Winchester Center Cemetery Fund	-	-	33,648	33,648
Total Nonspendable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,451,413</u>	<u>\$ 1,451,413</u>
Restricted for:				
Small Cities	\$ -	\$ -	\$ 61,113	\$ 61,113
Brownfields Pilot Program	-	-	153,906	153,906
Elderly Enrichment Part I Fund	-	-	10,914	10,914
Soldiers Monument Fund	-	-	3,489	3,489
Cemetery Association Trust Fund	-	-	669	669
Soldiers Monument Restoration Fund	-	-	99,828	99,828
Anti Blight Fund	-	-	10,273	10,273
Winchester Memorial Park Fund	-	-	5,845	5,845
Champs Fund	-	-	92,758	92,758
Grants & Donations Fund	-	-	175,867	175,867
Winchester School Trust Fund	-	-	86,640	86,640
Forest View Cemetery Fund	-	-	807	807
Winchester Center Cemetery Fund	-	-	4,957	4,957
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	-	-	120,109	120,109
Beverly Passbook Fund	-	-	8,387	8,387
Total Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 844,189</u>	<u>\$ 844,189</u>
Committed to:				
Industrial Park #2 Fund	\$ -	\$ -	\$ 218,900	\$ 218,900
Cafeteria Fund	-	-	12,553	12,553
City Sidewalks Fund	-	-	859	859
Education	105,025	-	-	105,025
Capital Improvements	1,268,012	-	1,291,659	2,559,671
Total Committed	<u>\$ 1,373,037</u>	<u>\$ -</u>	<u>\$ 1,523,971</u>	<u>\$ 2,897,008</u>
Unassigned	<u>\$ 6,788,756</u>	<u>\$ (679,399)</u>	<u>\$ -</u>	<u>\$ 6,109,357</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 18 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, 2018 was \$3,478. 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	41
Inactive plan members or beneficiaries receiving benefits	51
Inactive plan members entitled to but not yet receiving benefits	<u>6</u>
Total plan participants	<u>98</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 40.40% 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, 2018 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 6.98 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, 2018, were as follows:

Schedule of Net Pension Liability	
	2018
Total pension liability	\$ 12,591,775
Plan fiduciary net position	8,656,021
Net pension liability (asset)	3,935,754
Plan fiduciary net position as a percentage of total pension liability	68.74%
Covered payroll	1,830,753
Net pension liability as a % of covered payroll	214.98%

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Actuarial Methods and Assumptions - The annual required contribution for the current year was determined as part of the January 1, 2017 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, 2017 valuation, a closed amortization period of 30 years was used. Significant actuarial assumptions used include: (1) rate of return on investments of 7.25% per year, (2) projected salary increases of 3.0% 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 30 years. Mortality was based on RP-2000 Mortality Table with separate male and female rates, with total Dataset adjustment combined table for non-annuitants and annuitants, and projected to the valuation date with Scale AA. 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 7.25% interest rate assumption to discount plan liabilities.

	<u>Current Discount Rate</u>	<u>1% Decrease Discount Rate</u>	<u>1% Increase Discount Rate</u>
	7.25%	6.25%	8.25%
Net pension liability as of June 30, 2018	\$3,935,754	\$5,105,270	\$2,933,500

Valuation Date and Roll Forward Process – The plan used the January 1, 2017 valuation to calculate the Actuarially Determined Employer Contribution for fiscal year ending June 30, 2018. The January 1, 2017 Total Pension Liability was increased by service cost, interest, and decreased by benefit payments to estimate the Total Pension Liability as of June 30, 2018. The Total Pension Liability as of June 30, 2018 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, 2018

<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%
Money Markets	3.00%	2.30%	0.07%
	<u>100.00%</u>		<u>4.13%</u>
Long-Term Inflation Expectation			<u>2.75%</u>
Long-Term Expected Nominal Return			<u>6.88%</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. The results support a rate between 6.75% and 7.25%. An expected rate of return of 7.25% was used.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (a) - (b)
Balance at June 30, 2017	\$ 11,981,626	\$ 8,104,426	\$ 3,877,200
Changes for the year:			
Service Cost	193,304	-	193,304
Interest	912,280	-	912,280
Differences Between Expected and Actual Experience	(188,032)	-	(188,032)
Changes in Assumptions	515,083	-	515,083
Employer Contributions	-	739,680	(739,680)
Member Contributions	-	84,438	(84,438)
Net Investment Income	-	555,677	(555,677)
Benefit Payments	(822,486)	(822,486)	-
Administrative Expenses	-	(5,714)	5,714
Net Changes	<u>610,149</u>	<u>551,595</u>	<u>58,554</u>
Balance at June 30, 2018	<u>\$ 12,591,775</u>	<u>\$ 8,656,021</u>	<u>\$ 3,935,754</u>
Plan fiduciary net position as a percentage of the total pension liability			68.74%
Covered-Employee Payroll			\$ 1,830,753
Net pension liability as a percentage of covered-employee payroll			214.98%

For the year ended June 30, 2018, the Town recognized pension expense (gain) of (\$303,089). As of June 30, 2018, 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	\$ 400,000	\$ -
Differences between expected and actual experience	135,346	214,392
Changes of assumptions	594,973	2,370,545
Net difference between projected and actual earnings of Pension Plan investments	<u>57,581</u>	<u>-</u>
Total	<u>\$ 1,187,900</u>	<u>\$ 2,584,937</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:	
2019	\$ (897,780)
2020	(832,877)
2021	(80,833)
2022	<u>14,453</u>
	<u>\$ (1,797,037)</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.

Employees: Participants are required to contribute 7.25% (8.25% 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, 2018 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$415,619.

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

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>14,763,617</u>
Total	\$	<u>14,763,617</u>

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

For the year ended June 30, 2018, the Town recognized benefits expense and contribution revenue of \$1,106,711 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$1,707,719 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2017, 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%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Core Fixed Income	7.00%	1.30%
High Yield Bonds	5.00%	3.90%
Emerging Market Bond	5.00%	3.70%
Inflation Linked Bond Fund	3.00%	1.00%
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
Notes to the Financial Statements

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: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

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, 2018, the Town reports a total liability of \$1,380,023 for government-wide financials for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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 3.45%. This is an increase of 0.37% from the previous valuation.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

For the year ended June 30, 2018, the Town recognized pension expense in the government-wide financial statements of \$284,590. As of June 30, 2018, 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	\$ 305,365	\$ -
Cumulative investment earnings	96,089	-
Difference between expected and actual experience	100,225	-
Change in proportional share	88,276	-
Total	<u>\$ 589,955</u>	<u>\$ -</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. Amounts reported as deferred outflows of resources related to pension will be recognized in the pension expense as follows:

Year ended June 30:	
2019	\$ 71,147
2020	71,147
2021	71,147
2022	<u>71,149</u>
	<u>\$ 284,590</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016.

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

Inflation	3.25 Percent
Salary increases, including inflation	4.25-11.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	8.00 Percent

Mortality rates were based on the RP-2000 Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 – June 30, 2012.

Future Cost-of-Living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increases in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

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. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2017 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	16.00%	5.80%
Developed Non-U.S. Equities	14.00%	6.60%
Emerging Markets (Non-U.S.)	7.00%	8.30%
Core Fixed Income	8.00%	1.30%
Inflation Linked Bond Fund	5.00%	1.00%
Emerging Market Bond	8.00%	3.70%
High Yield Bonds	14.00%	3.90%
Real Estate	7.00%	5.10%
Private Equity	10.00%	7.60%
Alternative Investments	8.00%	4.10%
Liquidity Fund	<u>3.00%</u>	0.40%
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 8.00%, 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 (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	7.0%	8.0%	9.0%
Net Pension Liability as of June 30, 2018	\$ 2,403,554	\$ 1,380,023	\$ 527,521

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. 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. Police are eligible at age 55 with 10 years of service or after 25 years of service. Town employees are eligible at age 55 with 10 years of service or Rule of 75.

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. Effective June 2017, a Voluntary Employee Benefits Association (VEBA) trust was established by the Police Union. The Police will now be paying for all future retiree benefits via the VEBA trust, which will be entirely funded by the police. The Town will have no future funding requirements in regards to police retiree medical. One current retiree has coverage until age 65 per a specific settlement agreement. 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.

Employees Covered by Benefit Terms: At June 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	15
Active plan members	127
	142

Total OPEB Liability: The Town's total OPEB liability of \$3,598,010 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 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, 2018 for June 30, 2018 Reporting Date
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Salary
Salary Increases	2.75%
Discount Rate	3.87% as of June 30, 2018 and 3.58% as of June 30, 2017, 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-2017

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 6/30/17 - Restated	\$ 3,698,701
Changes for the year:	
Service Cost	64,036
Interest	132,053
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(18,120)
Changes in Assumptions	(129,193)
Benefit Payments	(149,467)
Net Changes	(100,691)
Balance at 6/30/18	\$ 3,598,010

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 (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Total OPEB Liability	\$ 4,077,623	\$ 3,598,010	\$ 3,204,590

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 (6.75% decreasing to 3.75%) or 1-percentage-point higher (8.75% decreasing to 5.75%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 3,130,395	\$ 3,598,010	\$ 4,170,015

OPEB Expense: For the year ended June 30, 2018, the Town recognized OPEB expense of \$162,544. As of June 30, 2018, 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	\$ -	\$ 16,458
Changes of assumptions	-	117,340
Total	\$ -	\$ 133,798

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:		
2019	\$	(13,515)
2020		(13,515)
2021		(13,515)
2022		(13,515)
2023		(13,515)
Thereafter		<u>(66,223)</u>
	\$	<u>(133,798)</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.

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 \$21,783.

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, 2016 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	2.75%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	3.56%
Prior Measurement Date	3.01%

The projected fiduciary net position is projected to be depleted in 2018.

Single equivalent interest rate

Measurement Date	3.56%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.01%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Pre-Medicare	7.25% for 2017 decreasing to an ultimate Rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate Rate of 5.00% by 2022

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%	0.04%	2.79%
Price inflation		2.75%	
Expected rate of return (Rounded nearest 0.25%)		2.75%	

Discount Rate - The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 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.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination 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	6.25%	7.25%	8.25%
Ultimate Healthcare Cost Trend Rate	4.00%	5.00%	6.00%
Total OPEB Liability	\$ 3,128,751	\$ 3,799,976	\$ 4,703,698

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 (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB liability	\$ 4,579,579	\$ 3,799,976	\$ 3,186,983

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2018 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town 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>3,799,976</u>
Total	<u>\$ 3,799,976</u>

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

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$21,783 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$176,110 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 during the year ended June 30, 2016, 2017 and 2018.

A schedule of changes in the claims liability for heart and hypertension judgments for the years ended June 30, 2018, 2017 and 2016, 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
2015-16	\$ 1,220,819	\$ -	\$ 133,550	\$ 1,087,269
2016-17	1,087,269	-	99,375	987,894
2017-18	987,894	-	65,284	922,610

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 three 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 waivers will not be granted.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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.

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. 83 - *Certain Asset Retirement Obligations* - This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

GASB Statement No. 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* - The primary objective of this statement is to improve the information that is disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

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.

NOTE 9 – ADOPTION OF NEW ACCOUNTING STANDARD

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.

The adoption of GASB Statement No. 75 requires the Town to report a Total OPEB liability. The Town's Net Position at June 30, 2017, has been restated for the effects of this liability, which reduces the Net Position by \$1,545,854 at July 1, 2017, in the Government-Wide Financial Statements. The Statement has also required additional footnote disclosures regarding OPEB.

**Required
Supplementary
Information**

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes				
Property Taxes	\$ 23,201,000	\$ 23,201,000	\$ 23,094,061	\$ (106,939)
Property Taxes - Prior Years	400,000	400,000	323,454	(76,546)
Supplemental Tax	-	-	1,457	1,457
Interest and Lien Fees	<u>200,000</u>	<u>200,000</u>	<u>240,523</u>	<u>40,523</u>
Total Taxes	<u>23,801,000</u>	<u>23,801,000</u>	<u>23,659,495</u>	<u>(141,505)</u>
Intergovernmental Revenue				
State of Connecticut - General Government	498,774	498,774	858,300	359,526
State of Connecticut - Board of Education	<u>7,823,000</u>	<u>7,823,000</u>	<u>7,814,403</u>	<u>(8,597)</u>
Total Intergovernmental Revenues	<u>8,321,774</u>	<u>8,321,774</u>	<u>8,672,703</u>	<u>350,929</u>
Other Local Revenues				
Licenses, Fees and Permits				
Cemeteries	25,000	25,000	34,125	9,125
Town Clerk	140,000	140,000	156,882	16,882
Charges for Services				
In Lieu of Taxes - Housing Authority	35,000	35,000	37,828	2,828
Building Department	121,500	121,500	136,325	14,825
Planning and Zoning	3,000	3,000	3,666	666
Inland Wetlands Commission	2,000	2,000	3,899	1,899
Zoning Board of Appeals	3,000	3,000	4,261	1,261
Police Department	7,000	7,000	15,456	8,456
Fire and Ambulance	60,000	60,000	57,691	(2,309)
Sale of Land and Equipment	75,000	75,000	3,536	(71,464)
Park and Recreation Department	20,000	20,000	20,000	-
Sewer-Water Administration	250,000	250,000	250,008	8
Water Debt Service	265,000	265,000	265,000	-
Sewer Debt Service	270,232	270,232	270,232	-
Other	<u>39,000</u>	<u>39,000</u>	<u>160,353</u>	<u>121,353</u>
Total Other Local Revenues	<u>1,315,732</u>	<u>1,315,732</u>	<u>1,419,262</u>	<u>103,530</u>
Other Financing Sources				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 33,438,506</u>	<u>\$ 33,438,506</u>	<u>\$ 33,751,460</u>	<u>\$ 312,954</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
General Government				
Board of Selectmen	\$ 29,669	\$ 29,669	\$ 28,965	\$ 704
Town Clerk	179,193	179,193	169,317	9,876
Treasurer	44,951	44,951	44,800	151
Accounting Department	330,285	317,285	306,973	10,312
Election Expenditures	63,868	63,868	46,010	17,858
Insurance	475,000	475,000	447,209	27,791
Town Counsel	120,000	120,000	95,034	24,966
Town Manager	189,361	189,361	178,667	10,694
Building Department	284,084	215,584	201,358	14,226
Assessor	188,665	188,665	187,256	1,409
Board of Tax Review	2,303	2,303	2,029	274
Tax Collector	156,389	154,889	137,097	17,792
Planning and Zoning	1,346	2,846	2,815	31
Building	170,784	170,784	159,121	11,663
Inland Wetland Commission	673	673	168	505
Zoning Board of Appeals	675	675	110	565
Laurel City Commission	5,000	5,000	5,000	-
Advisory Comm. for the Disabled	1,000	1,000	-	1,000
Northwest Conservation District	1,840	1,840	1,840	-
Purchasing/Data Processing	266,427	275,427	275,321	106
Probate Court	6,182	6,182	5,685	497
Senior Citizens	182,073	182,073	171,884	10,189
Rural Transit District	2,397	2,397	2,397	-
Vacation and Sick Pay Accrual	50,000	99,000	98,525	475
Highland Lake	19,000	19,000	18,928	72
Economic Development Commission	48,500	48,500	36,540	11,960
School Crossing Guards	54,804	46,804	45,708	1,096
Conservation Commission	1	1	-	1
Unemployment Compensation	19,000	19,000	18,752	248
Cemeteries	61,126	61,126	44,209	16,917
Soldiers Monument Commission	6,750	6,750	6,410	340
Planning and Community Development	160,902	160,902	150,097	10,805
Civil Service Commission	20,765	20,765	18,010	2,755
Farmington River Watershed	500	500	500	-
Other Town Properties	27,500	27,500	16,535	10,965
Friends of Main Street	9,000	9,000	9,000	-
Total General Government	<u>\$ 3,180,013</u>	<u>\$ 3,148,513</u>	<u>\$ 2,932,270</u>	<u>\$ 216,243</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2018

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Library	\$ 216,174	\$ 216,174	\$ 216,174	\$ -
Miscellaneous	600,000	608,000	603,208	4,792
Contracted Printing	5,000	6,500	6,396	104
Waste Disposal and Recycling	200,940	200,940	200,940	-
Public Safety				
Police Department	2,980,767	2,998,767	2,997,081	1,686
Fire Department	343,675	343,675	302,722	40,953
Animal Control	44,175	44,175	38,363	5,812
Civil Preparedness	11,063	11,063	10,310	753
Winchester Fire Department	43,000	43,000	41,935	1,065
Ambulance	85,783	85,783	85,783	-
Dispatch	366,126	374,126	372,040	2,086
Total Public Safety	<u>3,874,589</u>	<u>3,900,589</u>	<u>3,848,234</u>	<u>52,355</u>
Public Works				
Public Works Department	1,950,794	1,950,794	1,878,942	71,852
Street Lighting	155,000	155,000	149,166	5,834
Total Public Works	<u>2,105,794</u>	<u>2,105,794</u>	<u>2,028,108</u>	<u>77,686</u>
Health				
Department of Health	135,696	135,696	135,696	-
Youth and Family Services	29,353	29,353	29,353	-
Paramedic	170,568	170,568	170,568	-
Total Health	<u>335,617</u>	<u>335,617</u>	<u>335,617</u>	<u>-</u>
Parks and Recreation				
Park and Recreation Department	277,599	277,599	248,833	28,766
Education				
Board of Education	19,958,150	19,958,150	19,853,124	105,026
Retirement and Pension Contribution	\$ 479,777	\$ 475,777	\$ 455,955	\$ 19,822

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2018

	<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	102,209	102,209	102,209	-
Sewer Plant Principal Retirement	29,000	29,000	29,000	-
Sewer Plant Interest	7,376	7,376	7,376	-
Sewer Principal Retirement	192,176	192,176	192,176	-
Water Principal Retirement	250,000	250,000	250,000	-
Sewer and Water Interest	<u>56,680</u>	<u>56,680</u>	<u>56,680</u>	-
Total Debt Service	<u>1,028,441</u>	<u>1,028,441</u>	<u>1,028,441</u>	-
Contingency	<u>20,000</u>	<u>20,000</u>	<u>7,745</u>	<u>12,255</u>
Total Expenditures	<u>32,282,094</u>	<u>32,282,094</u>	<u>31,765,045</u>	<u>517,049</u>
Other Financing Uses				
Transfer out to Capital Projects	<u>1,156,412</u>	<u>1,156,412</u>	<u>1,156,412</u>	-
Total Transfers	<u>1,156,412</u>	<u>1,156,412</u>	<u>1,156,412</u>	-
Total	<u>33,438,506</u>	<u>33,438,506</u>	<u>32,921,457</u>	<u>517,049</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 830,003</u>	<u>\$ 830,003</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	\$ 34,344,722	\$ 535,232	\$ (1,128,494)	\$ 33,751,460
Expenditures	<u>32,331,530</u>	<u>562,009</u>	<u>(1,128,494)</u>	<u>31,765,045</u>
Excess of Revenues Over / (Under) Expenditures	2,013,192	(26,777)	-	1,986,415
Other Financing Sources / (Uses)	<u>(1,183,189)</u>	<u>26,777</u>	<u>-</u>	<u>(1,156,412)</u>
Excess of Revenues and Other Sources Over Expenditures, Loss on Assets, and Other Uses	<u>\$ 830,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 830,003</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.

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Changes in Net Pension Liability and Related Ratios
Last Five Fiscal Years
For the Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service Cost	\$ 193,304	\$ 425,381	\$ 356,834	\$ 373,253	\$ 362,381
Interest	912,280	662,663	786,103	765,560	744,581
Changes in Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	(188,032)	294,578	(756,267)	(502)	-
Changes of Assumptions	515,083	(5,159,423)	2,126,873	-	-
Benefit Payments, Including Refunds of Member Contributions	<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	610,149	(4,617,134)	1,743,335	439,012	362,840
Total Pension Liability - Beginning	<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>\$ 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	\$ 739,680	\$ 801,260	\$ 598,100	\$ 448,806	\$ 153,179
Contributions - Member	84,438	104,223	118,366	88,137	103,410
Net Investment Income	555,677	767,942	(228,997)	222,132	983,007
Benefit Payments, Including Refunds of Member Contributions	(822,486)	(840,333)	(770,208)	(699,299)	(744,122)
Administrative Expenses	(5,714)	(5,126)	(4,927)	(2,174)	(21,100)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Pension Fiduciary Net Position	551,595	827,966	(287,666)	57,602	474,374
Plan Fiduciary Net Position - Beginning	<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>\$ 8,656,021</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>\$ 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	68.74%	67.64%	43.84%	50.92%	52.07%
Covered Payroll	\$ 1,830,753	\$ 2,281,285	\$ 2,254,826	\$ 2,376,673	\$ 2,668,367
Net Pension Liability as a Percentage of Covered Payroll	214.98%	169.96%	413.44%	306.79%	258.96%

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Schedule of Contributions

Last Five Fiscal Years

For the Year Ended June 30, 2018

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

Notes to Schedule

Valuation Date: 1/1/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level Percent of Salary
Amortization method	Closed
Remaining amortization period	29 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 Total Dataset 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 Five Fiscal Years
For the Year Ended June 30, 2018

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%

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Connecticut Municipal Employees' Retirement System
Proportionate Share of the Net Pension Liability and Schedule of Contributions
June 30, 2018

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Percentage of Collective Net Pension Liability	3.451%	3.451%	3.077%	3.077%
Town's Portion of Net Pension Liability	<u>\$ 1,380,023</u>	<u>\$ 1,613,600</u>	<u>\$ 941,454</u>	<u>\$ 696,164</u>
Town's Covered-Employee Payroll	<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	86.34%	100.96%	76.37%	56.48%
Plan Fiduciary Net Position as a % of Total Pension Liability	91.68%	88.29%	92.72%	90.48%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Contractually Required Contribution	\$ 305,365	\$ 267,400	\$ 274,508	\$ 255,456
Town's Contributions in Relation to the Contractually Required Contribution	<u>305,365</u>	<u>295,778</u>	<u>274,508</u>	<u>255,456</u>
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (28,378)</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	1,598,329	1,598,329	1,232,689	1,232,689
Town's Contributions as a Percentage of Covered-Employee Payroll	19.11%	18.51%	22.27%	20.72%

Notes to Schedule

Changes in benefit term	None
Changes in assumptions	None
Actuarial cost method	Entry age, normal cost method
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market
Investment rate of return	8.0% net of investment expense, including inflation

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Other Post Employment Benefits (OPEB)
Schedule of Changes in Net OPEB Liability
For the Year Ended June 30, 2018

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 64,036
Interest	132,053
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(18,120)
Changes of Assumptions	(129,193)
Benefit Payments	<u>(149,467)</u>
Net Change in Total OPEB Liability	(100,691)
Total OPEB Liability - Beginning	<u>3,698,701</u>
Total OPEB Liability - Ending (a)	<u>\$ 3,598,010</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 State Teacher's Retirement System
 Proportionate Share of Net Pension Liability
 June 30, 2018

Schedule of Proportionate Share of Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's percentage of the net pension liability	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>14,763,617</u>	<u>15,575,729</u>	<u>14,125,042</u>	<u>13,055,770</u>
Total	<u>\$ 14,763,617</u>	<u>\$ 15,575,729</u>	<u>\$ 14,125,042</u>	<u>\$ 13,055,770</u>
Town's covered-employee payroll	<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-employee payroll.	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Notes to Schedule

Changes in benefit terms	None
Changes in assumptions	The total pension liability was determined by an actuarial valuation as of June 30, 2016.
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	17.6 years
Asset valuation method	4 year smoothed market
Inflation	2.75%
Salary increases	3.25% - 6.50% average, including inflation
Investment rate of return	8.0% net of investment expense, including inflation

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

State Teacher's Retirement System
 Proportionate Share of Net OPEB Liability
 June 30, 2018

Schedule of Proportionate Share of Net OPEB Liability

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

Notes to Schedule

Changes in Benefit Terms None
 Changes of Assumptions The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate.

Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.

As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.

Actuarial Cost Method	Entry age
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 years, open
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	4.25%, net of investment related expense

See accountant's report.

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

- THIS PAGE INTENTIONALLY LEFT BLANK -

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.

Capital Projects Fund

Capital Improvements Fund - To account for various long-term capital projects.

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, 2018

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
Assets								
Cash and Cash Equivalents	\$ 372,030	\$ 27,530	\$ 61,113	\$ 138,917	\$ 859	\$ 42,997	\$ 3,489	\$ 669
Receivables, Net	-	55,722	1,262,509	14,989	-	23,897	-	-
Inventory	-	1,528	-	-	-	-	-	-
Due from Other Funds	-	50,000	-	-	-	-	-	-
Total Assets	<u>\$ 372,030</u>	<u>\$ 134,780</u>	<u>\$ 1,323,622</u>	<u>\$ 153,906</u>	<u>\$ 859</u>	<u>\$ 66,894</u>	<u>\$ 3,489</u>	<u>\$ 669</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and Accrued Items	\$ -	\$ 70,699	\$ -	\$ -	\$ -	\$ 35,877	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	20,103	-	-
Due to Other Governments	153,130	50,000	-	-	-	-	-	-
Total Liabilities	<u>153,130</u>	<u>120,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,980</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable	-	1,528	1,262,509	-	-	-	-	-
Restricted	-	-	61,113	153,906	-	10,914	3,489	669
Committed	218,900	12,553	-	-	859	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<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>
Total Liabilities and Fund Balances	<u>\$ 372,030</u>	<u>\$ 134,780</u>	<u>\$ 1,323,622</u>	<u>\$ 153,906</u>	<u>\$ 859</u>	<u>\$ 66,894</u>	<u>\$ 3,489</u>	<u>\$ 669</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	PERMANENT FUNDS		
	Soldiers Monument Restoration Fund	Anti Blight Fund	Grants & Donations Fund	Champs Fund	Capital Improvements Fund	Winchester School Trust Fund	Winchester Bond Sinking Fund	Forest View Cemetery Fund
Assets								
Cash and Cash Equivalents	\$ 131,925	\$ -	\$ 177,022	\$ -	\$ 1,142,010	\$ 86,640	\$ 18	\$ 139,074
Receivables, Net	-	-	-	-	199,964	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Funds	-	10,273	2,000	92,758	10,466	-	-	-
Total Assets	\$ 131,925	\$ 10,273	\$ 179,022	\$ 92,758	\$ 1,352,440	\$ 86,640	\$ 18	\$ 139,074
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and Accrued Items	\$ 32,097	\$ -	\$ 3,155	\$ -	\$ 60,781	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-	-	-
Total Liabilities	32,097	-	3,155	-	60,781	-	-	-
Fund Balances:								
Nonspendable	-	-	-	-	-	-	-	138,267
Restricted	99,828	10,273	175,867	92,758	-	86,640	18	807
Committed	-	-	-	-	1,291,659	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	99,828	10,273	175,867	92,758	1,291,659	86,640	18	139,074
Total Liabilities and Fund Balances	\$ 131,925	\$ 10,273	\$ 179,022	\$ 92,758	\$ 1,352,440	\$ 86,640	\$ 18	\$ 139,074

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018

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	\$ 38,605	\$ 630	\$ 445	\$ 14,145	\$ 7,784	\$ 8,387	\$ 127,020	\$ 2,521,309
Receivables, Net	-	-	-	-	-	-	-	1,557,081
Inventory	-	-	-	-	-	-	-	1,528
Due from Other Funds	-	-	-	-	-	-	-	165,497
Total Assets	\$ 38,605	\$ 630	\$ 445	\$ 14,145	\$ 7,784	\$ 8,387	\$ 127,020	\$ 4,245,415
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,609
Due to Other Funds	-	-	-	-	-	-	-	20,103
Due to Other Governments	-	-	-	-	-	-	-	203,130
Total Liabilities	-	-	-	-	-	-	-	425,842
Fund Balances:								
Nonspendable	33,648	-	-	8,300	250	-	6,911	1,451,413
Restricted	4,957	630	445	5,845	7,534	8,387	120,109	844,189
Committed	-	-	-	-	-	-	-	1,523,971
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	38,605	630	445	14,145	7,784	8,387	127,020	3,819,573
Total Liabilities and Fund Balances	\$ 38,605	\$ 630	\$ 445	\$ 14,145	\$ 7,784	\$ 8,387	\$ 127,020	\$ 4,245,415

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, 2018

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	\$ -	\$ 239,686	\$ -	\$ 14,989	\$ -	\$ 247,352	\$ -	\$ -
Interest and Dividends	3,296	-	436	1,482	-	-	-	-
Charges for Services	-	83,016	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
Total Revenues	<u>3,296</u>	<u>322,702</u>	<u>436</u>	<u>16,471</u>	<u>-</u>	<u>247,352</u>	<u>-</u>	<u>-</u>
Expenditures								
General Government	-	-	-	16,983	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	247,352	-	-
Education	-	369,751	-	-	-	-	-	-
Program and Project	-	-	630	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>369,751</u>	<u>630</u>	<u>16,983</u>	<u>-</u>	<u>247,352</u>	<u>-</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	3,296	(47,049)	(194)	(512)	-	-	-	-
Other Financing Sources/(Uses)								
Issuance of Capital Leases	-	-	-	-	-	-	-	-
Transfers In	-	51,318	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>51,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,296	4,269	(194)	(512)	-	-	-	-
Fund Balances at Beginning of Year	<u>215,604</u>	<u>9,812</u>	<u>1,323,816</u>	<u>154,418</u>	<u>859</u>	<u>10,914</u>	<u>3,489</u>	<u>669</u>
Fund Balances at End 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>

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, 2018

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	PERMANENT FUNDS		
	Soldiers Monument Restoration Fund	Anti Blight Fund	Grants & Donations Fund	Champs Fund	Capital Improvements Fund	Winchester School Trust Fund	Winchester Bond Sinking Fund	Forest View Cemetery Fund
Revenues								
Intergovernmental Revenues	\$ -	\$ -	\$ 4,000	\$ -	\$ 115,167	\$ -	\$ -	\$ -
Interest and Dividends	964	-	-	-	7,093	85	-	51
Charges for Services	-	-	-	64,069	-	-	-	-
Other Revenue	6,875	10,273	165,459	-	60,109	2,792	-	-
Total Revenues	7,839	10,273	169,459	64,069	182,369	2,877	-	51
Expenditures								
General Government	-	-	121,134	-	32,518	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Education	-	-	-	40,756	-	1,380	-	-
Program and Project	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	161,228	-	-	-
Capital Outlay	40,087	-	-	-	1,033,494	-	-	-
Total Expenditures	40,087	-	121,134	40,756	1,227,240	1,380	-	-
Excess/(Deficiency) of Revenues Over Expenditures	(32,248)	10,273	48,325	23,313	(1,044,871)	1,497	-	51
Other Financing Sources/(Uses)								
Issuance of Capital Leases	-	-	-	-	132,300	-	-	-
Transfers In	-	-	-	-	1,168,247	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	1,300,547	-	-	-
Net Change in Fund Balances	(32,248)	10,273	48,325	23,313	255,676	1,497	-	51
Fund Balances at Beginning of Year	132,076	-	127,542	69,445	1,035,983	85,143	18	139,023
Fund Balances at End of Year	\$ 99,828	\$ 10,273	\$ 175,867	\$ 92,758	\$ 1,291,659	\$ 86,640	\$ 18	\$ 139,074

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, 2018

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
Revenues								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 621,194
Interest and Dividends	-	-	-	-	-	144	252	13,803
Charges for Services	-	-	-	-	-	-	-	147,085
Other Revenue	-	-	-	-	-	-	-	245,508
Total Revenues	-	-	-	-	-	144	252	1,027,590
Expenditures								
General Government	-	-	-	-	-	-	-	170,635
Public Safety	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	247,352
Education	-	-	-	-	-	-	-	411,887
Program and Project	-	-	-	-	-	-	-	630
Debt Service	-	-	-	-	-	-	-	161,228
Capital Outlay	-	-	-	-	-	-	-	1,073,581
Total Expenditures	-	-	-	-	-	-	-	2,065,313
Excess/(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	144	252	(1,037,723)
Other Financing Sources/(Uses)								
Issuance of Capital Leases	-	-	-	-	-	-	-	132,300
Transfers In	-	-	-	-	-	-	-	1,219,565
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	1,351,865
Net Change in Fund Balances	-	-	-	-	-	144	252	314,142
Fund Balances at Beginning of Year	38,605	630	445	14,145	7,784	8,243	126,768	3,505,431
Fund Balances at End of Year	\$ 38,605	\$ 630	\$ 445	\$ 14,145	\$ 7,784	\$ 8,387	\$ 127,020	\$ 3,819,573

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, 2018

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2018</u>
<u>Student Activities</u>				
Assets:				
Cash and Cash Equivalents	\$ 13,221	\$ 1,651	\$ 5,212	\$ 9,660
Total Assets	<u>13,221</u>	<u>1,651</u>	<u>5,212</u>	<u>9,660</u>
Liabilities:				
Fiduciary Deposits	<u>13,221</u>	<u>1,651</u>	<u>5,212</u>	<u>9,660</u>
Total Liabilities	<u>\$ 13,221</u>	<u>\$ 1,651</u>	<u>\$ 5,212</u>	<u>\$ 9,660</u>
 <u>Other</u>				
Assets:				
Cash and Cash Equivalents	\$ 57,245	\$ 30,644	\$ 51,829	\$ 36,060
Total Assets	<u>57,245</u>	<u>30,644</u>	<u>51,829</u>	<u>36,060</u>
Liabilities:				
Fiduciary Deposits	<u>57,245</u>	<u>30,644</u>	<u>51,829</u>	<u>36,060</u>
Total Liabilities	<u>\$ 57,245</u>	<u>\$ 30,644</u>	<u>\$ 51,829</u>	<u>\$ 36,060</u>
 <u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$ 70,466	\$ 32,295	\$ 57,041	\$ 45,720
Total Assets	<u>70,466</u>	<u>32,295</u>	<u>57,041</u>	<u>45,720</u>
Liabilities				
Fiduciary Deposits	<u>70,466</u>	<u>32,295</u>	<u>57,041</u>	<u>45,720</u>
Total Liabilities	<u>\$ 70,466</u>	<u>\$ 32,295</u>	<u>\$ 57,041</u>	<u>\$ 45,720</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, 2018

	Outstanding July 1, 2017	Current Levy	Lawful Corrections		Transfers to Suspense	Collectible Taxes	Receipt of Taxes	Receipt of Interest and Liens	Total Receipts	Outstanding June 30, 2018
			Additions	Deductions						
List of										
10/1:										
2016		\$ 23,943,044	\$ 20,813	\$ 499,514	\$ (5,756)	\$ 23,458,587	\$ 23,190,371	\$ 142,393	\$ 23,332,764	\$ 268,216
2015	\$ 339,645	-	550	5,268	(1,610)	333,317	235,564	48,198	283,762	97,753
2014	53,721	-	169	66	(64)	53,760	20,941	6,871	27,812	32,819
2013	34,517	-	-	-	(107)	34,410	17,614	7,125	24,739	16,796
2012	20,663	-	-	-	(115)	20,548	11,933	3,131	15,064	8,615
2011	11,479	-	-	-	(142)	11,337	4,125	2,059	6,184	7,212
2010	6,280	-	-	-	-	6,280	2,654	2,543	5,197	3,626
2009	2,158	-	90	-	-	2,248	1,474	1,659	-	774
2008	121	-	-	-	-	121	121	197	318	-
2007	121	-	-	-	-	121	121	150	271	-
2006	-	-	-	-	-	-	-	-	-	-
2005	116	-	-	-	-	116	-	-	-	116
2004	88	-	-	-	-	88	-	-	-	88
2003	90	-	-	7	-	83	-	-	-	83
2002	-	-	-	-	-	-	-	-	-	-
	\$ 468,999	\$ 23,943,044	\$ 21,622	\$ 504,855	\$ (7,794)	\$ 23,921,016	23,484,918	214,326	23,696,111	\$ 436,098
Net Grand List - October 1, 2016					Total Suspense Collections		31,755	25,987	57,742	
Tax Rate: 33.54 mills					Total Collections		\$ 23,516,673	\$ 240,313	\$ 23,753,853	

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Schedule of Water and Sewer Rents Levied, Collected, and Outstanding
For the Year Ended June 30, 2018

Water Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2017	Lawful Corrections	Transfers to Suspense	Adjusted Levy and Uncollected Balance	Rents	Collections Interest and Liens	Total	Water Rents Receivable June 30, 2018
2016	\$ 1,891,232	\$ (16,623)	\$ -	\$ 1,874,609	\$ 1,781,071	\$ 19,665	\$ 1,800,736	\$ 93,538
2015	88,559	1,950	-	90,509	86,703	16,897	103,600	3,806
2014	3,698	-	-	3,698	1,604	807	2,411	2,094
2013	2,902	-	-	2,902	1,349	492	1,841	1,553
2012	2,025	-	-	2,025	1,709	24	1,733	316
2011	428	-	-	428	121	24	145	307
2010	148	-	-	148	-	-	-	148
	\$ 1,988,992	\$ (14,673)	\$ -	\$ 1,974,319	\$ 1,872,557	\$ 37,909	\$ 1,910,466	\$ 101,762

Sewer Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2017	Lawful Corrections	Transfers to Suspense	Adjusted Levy and Uncollected Balance	Rents	Collections Interest and Liens	Total	Sewer Rents Receivable June 30, 2018
2016	\$ 1,580,046	\$ (21,902)	\$ -	\$ 1,558,144	\$ 1,491,920	\$ 16,008	\$ 1,507,928	\$ 66,224
2015	81,422	(3,884)	-	77,538	74,220	15,984	90,204	3,318
2014	3,305	-	-	3,305	1,503	-	1,503	1,802
2013	2,755	-	-	2,755	1,050	345	1,395	1,705
2012	1,627	-	-	1,627	910	29	939	717
2011	599	-	-	599	1	24	25	598
2010	25	-	-	25	-	-	-	25
	\$ 1,669,779	\$ (25,786)	\$ -	\$ 1,643,993	\$ 1,569,604	\$ 32,390	\$ 1,601,994	\$ 74,389

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Investment in Capital Assets	\$ 37,616,669	\$ 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
Restricted	504,466	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
Unrestricted	<u>1,349,394</u>	<u>(1,027,616)</u>	<u>(2,747,154)</u>	<u>(5,462,501)</u>	<u>(6,442,404)</u>	<u>(5,878,735)</u>	<u>(5,515,045)</u>	<u>(4,450,938)</u>	<u>(2,520,690)</u>	<u>(1,977,467)</u>
Total Governmental Activities Net Position	<u>\$ 39,470,529</u>	<u>\$ 37,070,341</u>	<u>\$ 35,714,600</u>	<u>\$ 35,016,532</u>	<u>\$ 34,551,399</u>	<u>\$ 35,166,639</u>	<u>\$ 35,062,171</u>	<u>\$ 36,319,570</u>	<u>\$ 38,896,708</u>	<u>\$ 40,588,084</u>
Business-type Activities:										
Net Investment in Capital Assets	\$ 34,073,572	\$ 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
Unrestricted	<u>(207,422)</u>	<u>(869,187)</u>	<u>(1,193,895)</u>	<u>(1,292,067)</u>	<u>(924,692)</u>	<u>330,581</u>	<u>1,097,207</u>	<u>1,711,887</u>	<u>2,632,050</u>	<u>3,061,410</u>
Total Business-type Activities Net Position	<u>\$ 33,866,150</u>	<u>\$ 32,430,184</u>	<u>\$ 31,675,806</u>	<u>\$ 31,216,534</u>	<u>\$ 31,258,242</u>	<u>\$ 32,017,700</u>	<u>\$ 31,862,210</u>	<u>\$ 28,547,521</u>	<u>\$ 28,857,759</u>	<u>\$ 28,876,477</u>
Primary Government										
Net Investment in Capital Assets	\$ 71,690,241	\$ 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
Restricted	504,466	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
Unrestricted	<u>1,141,972</u>	<u>(1,896,803)</u>	<u>(3,941,049)</u>	<u>(6,754,568)</u>	<u>(7,367,096)</u>	<u>(5,548,154)</u>	<u>(4,417,838)</u>	<u>(2,739,051)</u>	<u>111,360</u>	<u>1,083,943</u>
Total Primary Government Net Position	<u>\$ 73,336,679</u>	<u>\$ 69,500,525</u>	<u>\$ 67,390,406</u>	<u>\$ 66,233,066</u>	<u>\$ 65,809,641</u>	<u>\$ 67,184,339</u>	<u>\$ 66,924,381</u>	<u>\$ 64,867,091</u>	<u>\$ 67,754,467</u>	<u>\$ 69,464,561</u>

TOWN OF WINCHESTER, CONNECTICUT

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

Table 2

Page 1 of 2

Expenses	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Education	\$ 23,531,203	\$ 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
Public safety	4,286,390	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
Public works	3,432,120	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
General government	4,343,136	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
Health	313,813	287,221	289,932	365,698	332,349	575,514	649,113	1,164,840	468,627	454,403
Parks and recreation	268,004	263,574	244,723	512,726	199,271	210,019	224,911	263,445	269,537	274,774
Library	197,941	161,795	194,141	194,141	176,474	176,474	200,003	206,000	214,034	216,174
Waste disposal and recycling	363,464	360,824	335,869	405,320	204,965	222,812	196,247	198,356	225,040	200,940
Interest on long-term debt	305,566	301,724	283,729	270,484	202,821	222,581	166,124	146,895	131,350	121,162
Total Governmental Activities Expenses	37,041,637	36,505,759	35,666,633	34,194,919	33,914,751	35,226,848	36,435,045	38,130,745	37,985,055	36,859,392
Business-Type Activities										
Water	1,809,639	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
Sewer	1,751,541	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
Total Business-Type Activities Expenses	3,561,180	4,286,097	3,643,975	3,574,820	3,330,938	3,218,527	3,562,516	3,357,718	3,459,025	3,660,853
Total Primary Government Expenses	\$ 40,602,817	\$ 40,791,856	\$ 39,310,608	\$ 37,769,739	\$ 37,245,689	\$ 38,445,375	\$ 39,997,561	\$ 41,488,463	\$ 41,444,080	\$ 40,520,245
Program Revenues										
Governmental Activities:										
Charges for Services:										
Education	\$ 224,163	\$ 211,054	\$ 171,398	\$ 191,980	\$ 117,548	\$ 102,112	\$ 170,174	\$ 131,074	\$ 124,270	\$ 147,085
Public safety	247,535	230,263	158,752	44,460	68,454	84,557	61,615	64,812	76,747	73,147
Public works	16,694	16,928	74,551	-	-	381,676	222,998	245,626	250,008	250,008
Health	-	-	-	21,680	40,105	77,678	75,893	66,807	73,513	47,974
General government	160,542	90,180	484,494	349,799	256,293	286,497	305,526	358,225	376,722	348,504
Parks and Recreation	7,726	52,606	28,493	10,500	10,500	10,500	10,500	15,000	15,000	20,000
Operating Grants and Contributions	12,036,009	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
Capital Grants and Contributions	753,033	778,542	932,659	364,085	483,407	650,810	45,448	426,070	469,124	175,276
Total Governmental Activities										
Program Revenues	13,445,702	13,502,311	13,224,986	13,195,813	12,946,212	14,674,940	14,232,860	15,772,730	16,797,790	14,875,587
Business-type Activities:										
Water:										
Charges for Services	1,542,744	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
Capital Grants and Contributions	94,396	-	-	-	-	-	-	-	-	-
Sewer:										
Charges for Services	1,137,164	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
Capital Grants and Contributions	2,234	-	2,685	2,714	-	1,317	-	-	-	-
Total Business-type Activities										
Program Revenues	2,776,538	2,631,723	2,687,681	2,950,104	3,134,338	3,600,503	3,328,373	3,289,335	3,702,975	3,615,611
Total Primary Government Program Revenues	\$ 16,222,240	\$ 16,134,034	\$ 15,912,667	\$ 16,145,917	\$ 16,080,550	\$ 18,275,443	\$ 17,561,233	\$ 19,062,065	\$ 20,500,765	\$ 18,491,198
	(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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net Revenues (Expenses):										
Governmental Activities	\$ (23,595,935)	\$ (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)
Business-type Activities	<u>(784,642)</u>	<u>(1,654,374)</u>	<u>(956,294)</u>	<u>(624,716)</u>	<u>(196,600)</u>	<u>381,976</u>	<u>(234,143)</u>	<u>(68,383)</u>	<u>243,950</u>	<u>(45,242)</u>
Total Primary Government Net Expense	<u>\$ (24,380,577)</u>	<u>\$ (24,657,822)</u>	<u>\$ (23,397,941)</u>	<u>\$ (21,623,822)</u>	<u>\$ (21,165,139)</u>	<u>\$ (20,169,932)</u>	<u>\$ (22,436,328)</u>	<u>\$ (22,426,398)</u>	<u>\$ (20,943,315)</u>	<u>\$ (22,029,047)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 20,168,038	\$ 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
Grants and Contributions Not Restricted to Specific Programs	1,008,005	656,303	622,394	-	-	322,157	334,480	275,647	475,567	1,438,792
Unrestricted Investment Earnings	10,581	18,379	44,360	3,451	268	84	240	227	41,920	109,476
Contributions to Permanent Fund Principal	-	-	-	-	-	3,369	2,877	2,550	2,550	2,792
Miscellaneous	348,863	303,654	449,522	84,106	105,287	1,239,163	424,294	126,873	90,129	62,573
Transfers	<u>(215,838)</u>	<u>(218,408)</u>	<u>(215,838)</u>	<u>(213,269)</u>	<u>(251,923)</u>	<u>(110,480)</u>	<u>(78,653)</u>	<u>(68,514)</u>	<u>(66,288)</u>	<u>(63,960)</u>
Total Governmental Activities	<u>21,319,649</u>	<u>20,854,365</u>	<u>21,720,746</u>	<u>20,703,016</u>	<u>20,574,113</u>	<u>25,431,983</u>	<u>23,247,079</u>	<u>23,030,220</u>	<u>23,764,403</u>	<u>25,221,035</u>
Business-type Activities:										
Unrestricted Investment Earnings	154	-	-	-	-	-	-	-	-	-
Transfers	<u>215,838</u>	<u>218,408</u>	<u>215,838</u>	<u>213,269</u>	<u>251,923</u>	<u>110,480</u>	<u>78,653</u>	<u>68,514</u>	<u>66,288</u>	<u>63,960</u>
Total Business-type Activities	<u>215,992</u>	<u>218,408</u>	<u>215,838</u>	<u>213,269</u>	<u>251,923</u>	<u>110,480</u>	<u>78,653</u>	<u>68,514</u>	<u>66,288</u>	<u>63,960</u>
Total Primary Government	<u>\$ 21,535,641</u>	<u>\$ 21,072,773</u>	<u>\$ 21,936,584</u>	<u>\$ 20,916,285</u>	<u>\$ 20,826,036</u>	<u>\$ 25,542,463</u>	<u>\$ 23,325,732</u>	<u>\$ 23,098,734</u>	<u>\$ 23,830,691</u>	<u>\$ 25,284,995</u>
Loss on Assets:										
Governmental Activities	\$ -	\$ -	\$ 484,079	\$ 401,978	\$ 70,707	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	<u>-</u>	<u>-</u>	<u>52,992</u>	<u>47,825</u>	<u>13,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537,071</u>	<u>\$ 449,803</u>	<u>\$ 84,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental Activities	\$ (2,276,286)	\$ (2,149,083)	\$ (1,204,980)	\$ (698,068)	\$ (465,133)	\$ 4,880,075	\$ 1,044,894	\$ 672,205	\$ 2,577,138	\$ 3,237,230
Business-type Activities	<u>(568,650)</u>	<u>(1,435,966)</u>	<u>(793,448)</u>	<u>(459,272)</u>	<u>41,708</u>	<u>492,456</u>	<u>(155,490)</u>	<u>131</u>	<u>310,238</u>	<u>18,718</u>
Total Primary Government	<u>\$ (2,844,936)</u>	<u>\$ (3,585,049)</u>	<u>\$ (1,998,428)</u>	<u>\$ (1,157,340)</u>	<u>\$ (423,425)</u>	<u>\$ 5,372,531</u>	<u>\$ 889,404</u>	<u>\$ 672,336</u>	<u>\$ 2,887,376</u>	<u>\$ 3,255,948</u>

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

Table 3

	<u>2009</u>	<u>2010</u>	<u>2011**</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:										
Reserved	\$ 125,094	\$ 50,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>865,410</u>	<u>711,143</u>	-	-	-	-	-	-	-	-
Nonspendable			-	3,050	-	-	-	-	-	-
Committed			-	-	-	-	-	450,000	1,085,000	1,373,037
Assigned			52,034	-	-	-	-	-	-	-
Unassigned			<u>(510,943)</u>	<u>(1,426,982)</u>	<u>(1,205,348)</u>	<u>3,526,109</u>	<u>5,163,031</u>	<u>5,724,511</u>	<u>6,246,790</u>	<u>6,788,756</u>
Total General Fund	<u>\$ 990,504</u>	<u>\$ 761,699</u>	<u>\$ (458,909)</u>	<u>\$ (1,423,932)</u>	<u>\$ (1,205,348)</u>	<u>\$ 3,526,109</u>	<u>\$ 5,163,031</u>	<u>\$ 6,174,511</u>	<u>\$ 7,331,790</u>	<u>\$ 8,161,793</u>
All Other Governmental Funds										
Reserved	\$ 692,921	\$ 588,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	128,123	(194,593)	-	-	-	-	-	-	-	-
Capital Projects Funds	(127,346)	(133,789)	-	-	-	-	-	-	-	-
Permanent Funds	<u>16,009</u>	<u>16,185</u>	-	-	-	-	-	-	-	-
Nonspendable			507,907	2,508,983	2,679,098	2,098,898	1,763,036	1,505,939	1,489,209	1,451,413
Restricted			237,487	238,638	180,102	241,494	379,883	680,158	756,686	844,189
Committed			308,806	376,093	391,493	948,908	696,739	1,149,002	1,259,536	1,523,971
Assigned			-	-	-	-	-	-	-	-
Unassigned			<u>1,545,024</u>	<u>(624,456)</u>	<u>(711,709)</u>	<u>(716,106)</u>	<u>(703,609)</u>	<u>(682,491)</u>	<u>(669,933)</u>	<u>(679,399)</u>
Total All Other Governmental Funds	<u>\$ 709,707</u>	<u>\$ 276,379</u>	<u>\$ 2,599,224</u>	<u>\$ 2,499,258</u>	<u>\$ 2,538,984</u>	<u>\$ 2,573,194</u>	<u>\$ 2,136,049</u>	<u>\$ 2,652,608</u>	<u>\$ 2,835,498</u>	<u>\$ 3,140,174</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues										
Property Taxes, Interest and Lien Fees	\$ 20,403,777	\$ 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
Intergovernmental Revenue	14,009,909	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
Other local revenues	1,016,074	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
Total Revenues	<u>35,429,760</u>	<u>34,745,854</u>	<u>35,077,987</u>	<u>34,062,218</u>	<u>34,120,388</u>	<u>40,117,231</u>	<u>37,759,823</u>	<u>39,295,777</u>	<u>40,387,715</u>	<u>38,580,601</u>
Expenditures										
Current:										
Education	\$ 23,302,950	\$ 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
Program and Project Expenses	780,930	589,488	302,286	161,960	155,109	810,473	505,184	566,682	571,682	456,585
Public Safety	3,439,359	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
Public Works	2,097,788	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
Miscellaneous	660,180	327,692	583,544	555,000	514,425	402,436	504,794	433,930	877,666	609,604
General Government	3,311,289	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
Health	313,813	287,221	289,932	297,473	295,203	565,181	542,775	570,928	578,965	582,969
Parks and Recreation	208,524	224,152	206,805	219,716	176,353	186,958	196,636	253,191	253,516	248,833
Library	197,941	161,795	194,141	194,141	176,474	176,474	200,003	206,000	214,034	216,174
Waste Disposal and Recycling	363,464	360,824	335,869	405,320	204,965	222,812	196,247	198,356	225,040	200,940
Debt Service:										
Principal	330,000	425,000	425,000	508,000	508,000	526,582	535,768	558,253	552,016	569,651
Interest & Issuance Costs	213,230	308,131	290,134	270,484	202,821	222,622	166,124	166,269	131,350	121,162
Capital Outlay	620,756	1,168,114	1,320,985	1,516,798	761,668	952,001	788,956	487,622	1,164,640	1,073,581
Total Expenditures	<u>35,840,224</u>	<u>35,230,699</u>	<u>35,344,062</u>	<u>34,511,960</u>	<u>33,539,448</u>	<u>35,899,842</u>	<u>36,437,817</u>	<u>37,699,224</u>	<u>39,332,447</u>	<u>37,514,262</u>
Excess (Deficiency) of Revenues										
Over Expenditures	(410,464)	(484,845)	(266,075)	(449,742)	580,940	4,217,389	1,322,006	1,596,553	1,055,268	1,066,339
Other Financing Sources (Uses)										
Issuance of Bonds & GANS	6,316,000	-	-	-	-	2,000,000	-	-	-	-
Issuance of Capital Lease	33,337	41,120	415,000	-	-	-	-	-	351,189	132,300
Repayment of GANS	-	-	-	-	-	(2,000,000)	-	-	-	-
Transfers In	59,530	161,836	-	305,556	310,602	877,354	771,991	716,095	751,005	1,255,941
Transfers Out	(275,368)	(380,244)	(215,838)	(518,825)	(562,525)	(987,834)	(850,644)	(784,609)	(817,293)	(1,319,901)
Total Other Financing Sources (Uses)	<u>6,133,499</u>	<u>(177,288)</u>	<u>199,162</u>	<u>(213,269)</u>	<u>(251,923)</u>	<u>(110,480)</u>	<u>(78,653)</u>	<u>(68,514)</u>	<u>284,901</u>	<u>68,340</u>
Loss on Assets	-	-	484,079	401,977	70,707	-	-	-	-	-
Net Change in Fund Balances	5,723,035	(662,133)	(550,992)	(1,064,988)	258,310	4,106,909	1,243,353	1,528,039	1,340,169	1,134,679
Fund Balance at Beginning of Year	<u>(4,022,824)</u>	<u>1,700,211</u>	<u>2,691,307</u>	<u>2,140,314</u>	<u>1,075,326</u>	<u>1,992,394</u>	<u>6,055,727</u>	<u>7,299,080</u>	<u>8,827,119</u>	<u>10,167,288</u>
Fund Balance at End of Year	<u>\$ 1,700,211</u>	<u>\$ 1,038,078</u>	<u>\$ 2,140,315</u>	<u>\$ 1,075,326</u>	<u>\$ 1,333,636</u>	<u>\$ 6,099,303</u>	<u>\$ 7,299,080</u>	<u>\$ 8,827,119</u>	<u>\$ 10,167,288</u>	<u>\$ 11,301,967</u>
Debt Service as a Percentage to										
Noncapital Expenditures	1.54%	2.15%	2.10%	2.36%	2.17%	2.14%	1.97%	1.95%	1.79%	1.90%

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	Real Property		Personal Property		Tax Exempt Property	Total 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					
2009	596,351	107,992	60,472	85,917	9,245	850,732	24.67	1,215,331	70%
2010	570,237	108,160	60,566	86,051	9,259	825,014	24.67	1,178,591	70%
2011	568,892	107,905	60,423	85,848	9,237	823,068	24.43	1,175,811	70%
2012	610,247	122,099	62,634	43,345	25,312	838,325	25.43	1,197,607	70%
2013	611,083	121,991	65,524	44,215	24,667	842,813	25.43	1,204,019	70%
2014	493,174	102,398	66,208	49,056	22,457	710,836	31.20	1,015,480	70%
2015	494,082	101,804	67,187	50,788	22,914	713,861	31.91	1,019,801	70%
2016	495,044	101,635	69,257	50,905	23,958	716,841	32.70	1,024,059	70%
2017	495,158	102,081	69,360	52,692	25,499	719,291	33.54	1,027,559	70%
2018	495,349	100,783	69,609	46,490	15,590	712,231	33.54	1,017,473	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

2018				2009			
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	1.95%	Nineteen Twenty Three St. Marks	\$ 9,984,380	1	1.72%
Howmet Casting and Services	10,773,583	2	1.51%	Connecticut Light and Power Co	7,201,540	2	1.24%
Winrock LLC	9,101,050	3	1.28%	Howmet Casting and Services	6,607,050	3	1.14%
Litchfield Gardens Association	3,659,110	4	0.51%	Yankee Gas	4,606,173	4	0.79%
Yankee Gas	3,416,413	5	0.48%	Litchfield Gardens Apartments	3,226,860	5	0.56%
Electric Motion Company LLC	2,705,984	6	0.38%	Barden Corporation	3,072,600	6	0.53%
DRT Power Systems LLC	2,182,726	7	0.31%	Electric Motion	2,586,760	7	0.45%
Litchfield Heights Apartments	2,128,770	8	0.30%	Stop and Shop Supermarket	2,178,930	8	0.38%
Adam L & Deannie K Reeder	1,911,880	9	0.27%	Litchfield Heights Apartments	2,109,170	9	0.36%
Camp Wahnee Associates Inc.	1,829,600	10	0.26%	Gilbert Clock Properties	2,051,000	10	0.03%
	<u>\$ 51,597,904</u>		<u>7.24%</u>		<u>\$ 43,624,463</u>		<u>7.20%</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
2009	20,193,362	19,716,097	97.64%	330,136	20,046,233	99.27%
2010	20,100,013	19,592,274	97.47%	417,982	20,010,256	99.55%
2011	20,613,265	20,198,358	97.99%	400,704	20,599,062	99.93%
2012	20,735,196	20,224,636	97.54%	380,911	20,605,547	99.37%
2013	20,882,442	20,315,733	97.29%	386,877	20,702,610	99.14%
2014	23,715,401	23,020,269	97.07%	477,823	23,498,092	99.08%
2015	22,202,107	21,409,286	96.43%	508,840	21,918,126	98.72%
2016	22,816,003	22,223,820	97.40%	333,166	22,556,986	98.86%
2017	23,307,366	22,902,097	98.26%	236,484	23,138,581	99.28%
2018	23,943,044	23,190,371	96.86%	-	23,190,371	96.86%

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
	Obligation	Notes	Capital Leases	Notes	Obligation	Notes				
2009	6,316,000	-	703,615	-	6,916,995	-	\$ 13,936,610	5.68%	1.15%	\$ 1,284
2010	5,891,000	-	376,359	-	5,954,573	-	\$ 12,221,932	4.30%	1.04%	\$ 1,087
2011	5,466,000	-	144,614	-	4,624,999	516,599	\$ 10,752,212	3.53%	0.91%	\$ 956
2012	5,041,000	332,000	85,092	-	3,860,000	488,057	\$ 9,806,149	3.08%	0.82%	\$ 866
2013	4,616,000	249,000	856	-	3,100,000	458,940	\$ 8,424,796	2.59%	0.70%	\$ 751
2014	4,196,000	166,000	43,047	-	2,520,000	429,236	\$ 7,354,283	2.26%	0.72%	\$ 657
2015	3,776,000	83,000	43,779	-	2,095,000	398,932	\$ 6,396,711	1.98%	0.63%	\$ 581
2016	3,356,000	-	113,894	-	1,685,000	368,017	\$ 5,522,911	1.61%	0.54%	\$ 505
2017	2,936,000	-	333,067	-	1,275,000	336,477	\$ 4,880,544	1.45%	0.47%	\$ 451
2018	2,516,000	-	315,716	-	865,000	304,301	\$ 4,001,017	1.21%	0.39%	\$ 372

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, 2018

Table 9

Total Tax Collection, Including Interest and Lien Fees for Prior Fiscal Year	\$ 23,583,390
Reimbursement for Revenue Loss on: Tax Relief for Elderly and Disabled (Prior Year)	<u>59,957</u>
Base	<u><u>\$ 23,643,347</u></u>

	General Long-Term Debt			
	General Purposes (2.25 x base)	Schools (4.50 x base)	Urban Renewal (3.25 x base)	Enterprise (3.75 x base)
Debt Limitation:				
Statutory Debt Limits by Function	\$ 53,197,531	\$ 106,395,062	\$ 76,840,878	\$ 88,662,551
Indebtedness:				
Bonds Payable	2,516,000	-	-	865,000
Clean Water Fund Loans	-	-	-	304,301
Total Indebtedness	2,516,000	-	-	1,169,301
Debt Limitation in Excess of Debt*	\$ 50,681,531	\$ 106,395,062	\$ 76,840,878	\$ 87,493,250

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$165,503,429.

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

Table 10

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limitation	\$ 148,287,965	\$ 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
Total net debt applicable to limit	<u>\$ 13,936,610</u>	<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>
Legal debt margin	<u>\$ 134,351,355</u>	<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>\$ 149,383,412</u>	<u>\$ 150,244,327</u>	<u>\$ 161,818,128</u>
Total net debt applicable to the limit as a percentage of debt limit	9.40%	8.19%	7.41%	6.38%	5.54%	4.29%	4.03%	3.48%	2.79%	2.23%

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 2018 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, 2018

Direct Debt

General Obligation Bonds	\$ 3,381,000
Notes and Loans Payable	304,301
Capital Leases	<u>315,716</u>

Total Direct Debt 4,001,017

Total Net Direct Debt (a) 2,820,301

Overlapping Debt

-

Total Net Overall Debt \$ 2,820,301

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

TOWN OF WINCHESTER, CONNECTICUT

Current Debt Ratios

June 30, 2018

Table 12

1 Population	10,754
Net Taxable Grand List (10/1/16) (70%)	\$ 712,230,334
Estimated Full Value	\$ 1,017,472,000
1 Equalized Net Taxable Grand List (2016)	\$ 1,035,239,070
1 Per Capita Income	\$ 30,643

	Total <u>Direct Debt</u>	Total Net <u>Direct Debt</u>	Total Net <u>Overall Debt</u>
	\$ 4,001,017	\$ 2,820,301	\$ 2,820,301
Per Capita	\$ 372.05	\$ 262.26	\$ 262.26
Ratio to Net Taxable Grand List	0.56%	0.40%	0.40%
Ratio to Estimated Full Value	0.39%	0.28%	0.28%
Ratio to Equalized Net Taxable Grand List	0.39%	0.27%	0.27%
Debt per Capita to Money Income per Capita	1.21%	0.86%	0.86%

1 State of Connecticut Municipal Fiscal Indicators, Office of Policy and Management 2009-2016

TOWN OF WINCHESTER, CONNECTICUT
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 13

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)
2009	10,857	\$ 245,249	\$ 22,589	40	12+	996	8.9%
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

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	2018			2009		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Town Employment
Town of Winchester	225	1	3.88%	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

	FISCAL YEAR									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<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	6.0	6.0	6.0	6.0	4.0	7.0	7.0	7.0	7.0	7.0
Planning	1.0	1.0	1.0	1.0	-	-	-	2.0	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	7.0	8.0	8.0	8.0	9.0	8.0	9.0	8.0	7.0	7.0
<u>Public Safety</u>										
Officers	23.0	20.0	18.0	18.0	16.0	17.0	18.0	20.0	21.0	23.0
Civilians	5.0	5.0	4.0	3.0	4.0	4.0	4.0	5.0	5.0	5.0
<u>Public Works</u>										
	12.0	11.0	9.0	10.0	9.0	9.0	12.0	13.0	15.0	17.0
<u>Parks and Recreation</u>										
	2.0	-	1.0	-	-	-	-	1.0	1.0	1.0
<u>Water and Sewer Authority</u>										
	11.0	11.0	10.0	10.0	10.0	10.0	9.0	7.0	10.0	10.0
<u>Human Services</u>										
	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	71.0	72.0	71.0	66.0	73.0	67.0	62.0	67.0	99.0	99.0
Noncertified	64.0	85.0	73.0	85.0	70.0	71.0	82.0	71.0	93.0	93.0
Total	<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>	<u>270.0</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

	FISCAL YEAR									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government										
Workers Compensation										
Claims Processed	36	20	22	24	24	31	35	39	46	47
General Liability										
Claims Processed	6	14	6	30	27	17	9	27	34	32
Marriage Licenses Recorded	178	102	61	105	109	99	88	100	78	79
Birth Certificates Recorded	76	99	89	73	105	83	115	100	101	121
Death Certificates Recorded	117	106	125	121	125	125	130	128	122	110
Boards and Agencies										
Registered Voters	5,737	6,125	5,566	6,660	6,916	6,815	6,815	6,825	6,732	6,718
Elections and Referendums	2	5	4	4	4	7	3	2	2	3
Planning and Development										
Building Permits Issued	579	595	696	626	585	639	705	704	733	768
Rental Certificate of Occupancy Issued	48	78	40	67	28	66	90	239	142	140
Value of Building Permits	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	16,745,859
Public Safety										
Arrests	375	422	393	655	394	487	556	935	972	975
Parking Violations	321	199	198	499	96	872	1,197	1,200	1,289	1,400
Traffic Accidents	393	323	353	816	408	393	400	390	410	425
Traffic Stops	1,259	739	772	1,320	1,149	1,438	2,162	2,289	2,390	2,488
Police Calls	9,318	8,661	8,260	8,816	9,310	10,436	11,581	12,790	12,978	12,365
Animal Control Calls	217	160	362	624	204	307	409	550	499	504
Fire Dispatched	114	152	279	718	188	269	489	648	298	300
Ambulance Requests	954	897	1,142	1,284	1,245	1,357	1,737	1,569	1,532	1,468
Public Works										
Miles of Roads Maintained	81	81	81	81	81	81	81	81	81	81
Parks and Recreation										
Community Event Participants	702	655	506	452	325	1,538	1,750	1,250	3,278	3,670
Recreation Program Participants	865	844	740	627	1,550	1,468	1,520	1,595	2,198	2,100
Annual Participants	1,567	1,499	1,246	1,079	875	3,006	3,270	2,845	5,476	5,770

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

	FISCAL YEAR									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Public Libraries										
Volumes in Collection	34,291	34,240	36,361	40,627	43,058	46,884	48,982	59,745	77,466	77,466
Collection Size	37,575	38,970	40,369	45,157	47,258	52,098	44,291	53,979	61,045	61,045
Senior Citizens										
Meals on Wheels										
Provided - Anually	34,100	32,570	35,170	36,108	35,793	37,802	37,802	37,600	36,750	36,000
Meals at Senior Center										
Provided - Anually	5,676	5,632	6,274	6,897	8,171	7,172	7,172	7,000	9,800	10,000
Van Rides Provided to Seniors - Anually	2,666	5,632	5,385	4,670	4,482	6,504	6,504	6,000	11,000	11,000
Senior Mini-Bus Trips - number of senior anually	115	378	179	206	143	793	793	850	1,000	1,000
NW Transit Rides for Winsted Residents	16,951	11,353								
Education										
Workers Compensations										
Claims Processed	32	48	51	16	25	22	17	13	14	13
Elementary Schools	1	1	2	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	1	1	-	-	1	-	4	9	10
Water Main Breaks	6	4	3	-	1	3	4	7	5	6
Average Daily Consumption (million of gallons)	1.03	0.94	0.99	0.93	0.93	0.85	0.85	0.98	0.95	0.90
Peak Daily Consumption (million of gallons)	1.34	1.29	1.29	1.32	1.32	1.17	1.22	1.29	1.12	1.10
Sewer										
Average Daily Sewage Treatment (mil. of gallons)	1.44	1.26	1.23	1.37	1.49	1.43	1.64	3	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

	FISCAL YEAR									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<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	12	11	11	12	12	12	6	9	11	11
Fire Vehicles	12	12	12	9	9	9	8	8	7	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	55	54	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