

**TOWN OF WOLCOTT, CONNECTICUT**

**BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2015**

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**INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Wolcott, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wolcott, Connecticut (the "Town") as of and for the year ended June 30, 2015, 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 Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wolcott, Connecticut, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison schedules for the General Fund and Water Assessment Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Change in Accounting Principle

As disclosed in Note A to the financial statements, the Town implemented new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, and the schedules on the Town's pension plans and other post-retirement benefit plan on pages 68 through 73 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's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of the Town'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's internal control over financial reporting and compliance.



Glastonbury, Connecticut  
December 11, 2015

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2015**

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As management of the Town of Wolcott (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the Town exceeded its liabilities at the close of the most recent fiscal year by \$38,009,649 (net position). Of this amount, \$4,869,453 represents a deficit in the Town's unrestricted net position.
- The Town's total net position increased by \$1,910,761 during the current fiscal year.
- The beginning net position of the Town was decreased by \$15,256,189, due to the current year implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 (See Note A)*. GASB Statement No. 68 required the Town to recognize net pension liabilities relating to its long-term obligations for pension benefits in the government-wide financial statements.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund deficit of \$2,287,228, a decrease of \$5,091,333 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,755,615 or 7.3% of total General Fund budgetary expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 0.9 months of General Fund operating expenditures.
- The Town's total long-term debt, excluding capital leases, increased by \$658,468 or 1.7% during the current fiscal year due to the issuance of general obligation refunding bonds offset by scheduled repayments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town'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's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, and liabilities, with net position as the residual of these elements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position 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 cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Government-wide Financial Statements (Continued)**

The government-wide financial statements display information about the Town's governmental activities which include general government, public safety, public works, culture and recreation, health and welfare, and education. The Town does not have any business-type activities.

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable.

The government-wide financial statements can be found on pages 15 - 16 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town 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 the Town'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 Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvement Fund, the Water Assessment Fund, and the Small Cities Grant Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 - 23 of this report.

**Proprietary Funds**

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its risk management activities. Because this service benefits governmental activities, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 24 - 26 of this report.

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Fund Financial Statements (Continued)**

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town'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 27 - 28 of this report.

**Notes to the Financial Statements**

The notes to the financial statements 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 29 - 67 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules which can be found on pages 68 - 91 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

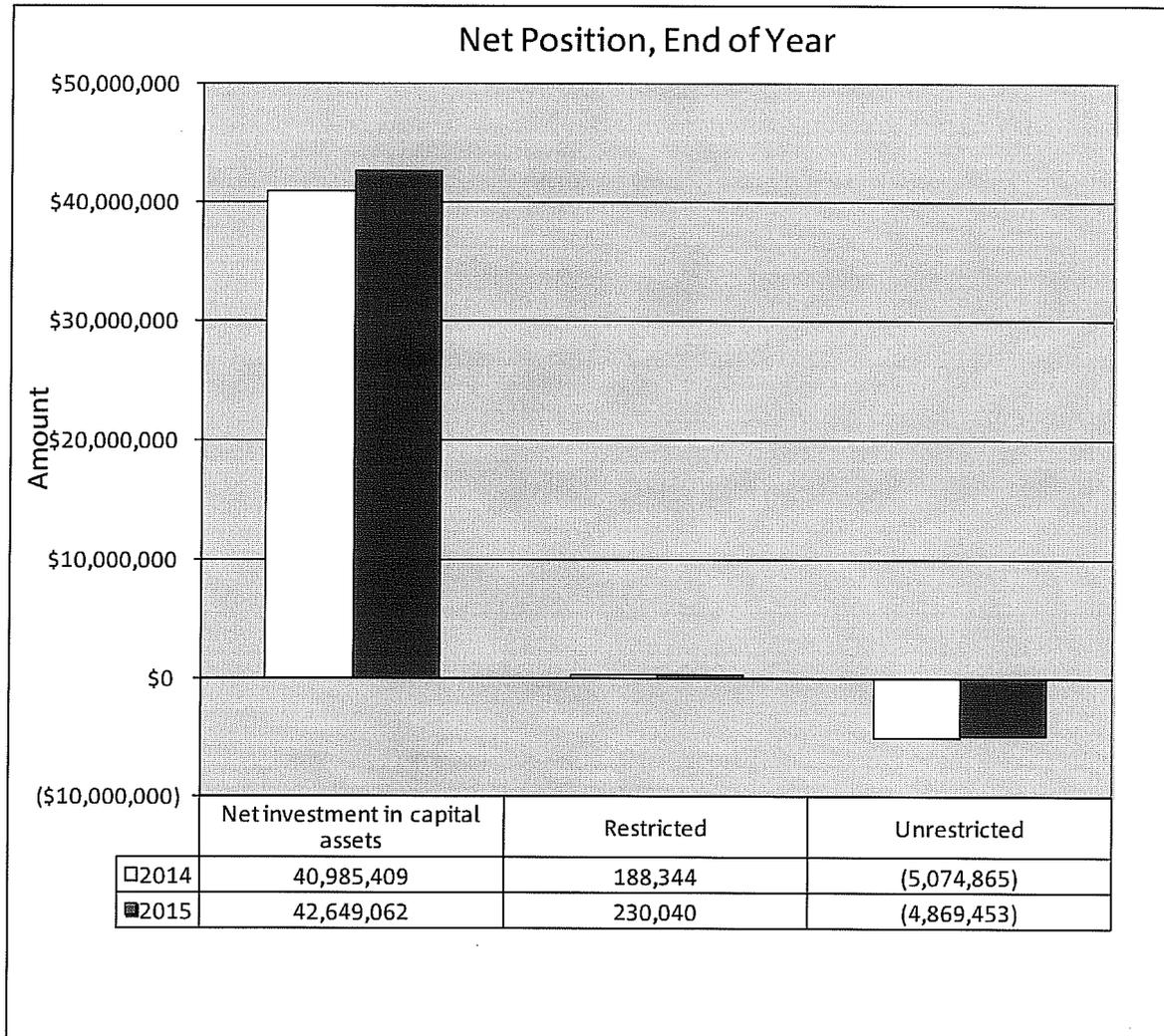
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$38,009,649 and \$36,098,888 (as adjusted) as of June 30, 2015 and 2014, respectively and are summarized as follows. Amounts reported as of June 30, 2014 have been adjusted for the effects of implementing GASB Statement No. 68.

	<u>2015</u>	<u>2014</u> (As Adjusted)
Current and other assets	\$ 23,544,971	\$ 24,310,442
Capital assets, net	82,629,870	79,828,283
Total assets	<u>106,174,841</u>	<u>104,138,725</u>
Deferred outflows of resources	<u>1,914,417</u>	<u>2,235,954</u>
Long-term liabilities	50,756,880	55,248,705
Other liabilities	17,280,306	12,328,881
Total liabilities	<u>68,037,186</u>	<u>67,577,586</u>
Deferred inflows of resources	<u>2,042,423</u>	<u>2,698,205</u>
Net position:		
Net investment in capital assets	42,649,062	40,985,409
Restricted	230,040	188,344
Unrestricted	(4,869,453)	(5,074,865)
Total net position	<u>\$ 38,009,649</u>	<u>\$ 36,098,888</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position (Continued)**



Of the Town's net position, 112.2% 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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Less than 1.0% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position represents an unrestricted deficit. Overall, net position increased by \$1,910,761.

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Changes in Net Position**

Changes in net position for the years ended June 30, 2015 and 2014 are as follows. The amounts reported for the year ended June 30, 2014 have not been adjusted for the implementation of GASB Statement No. 68, since the effects of the adjustments on the statements of changes in net position are not readily determinable.

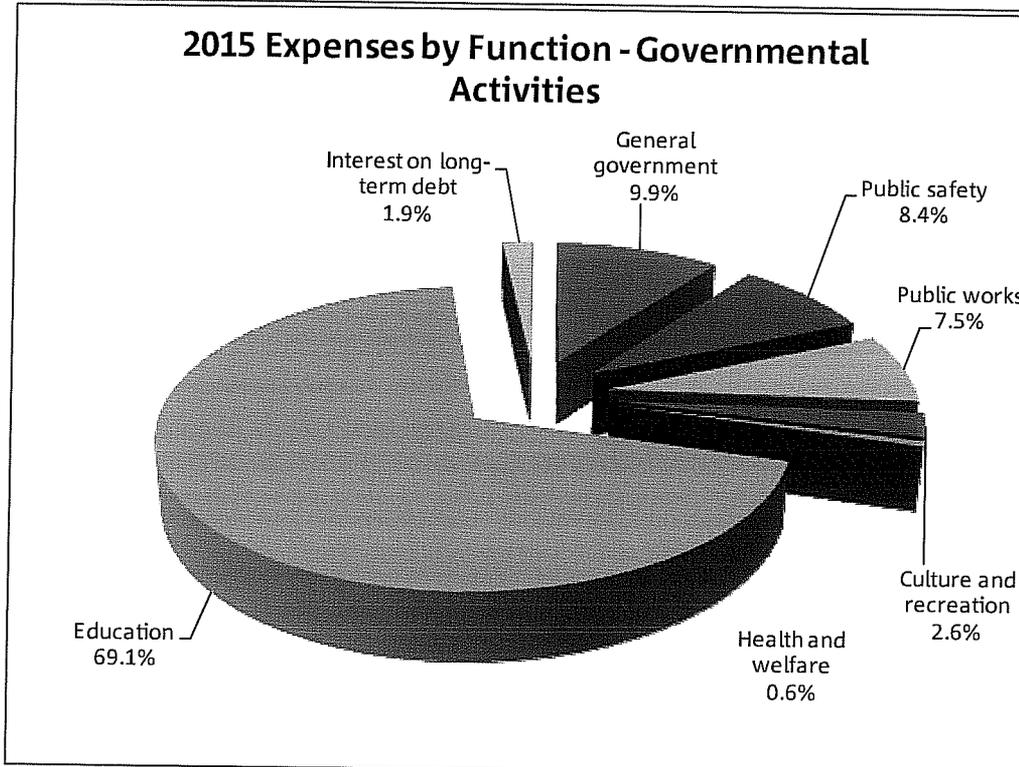
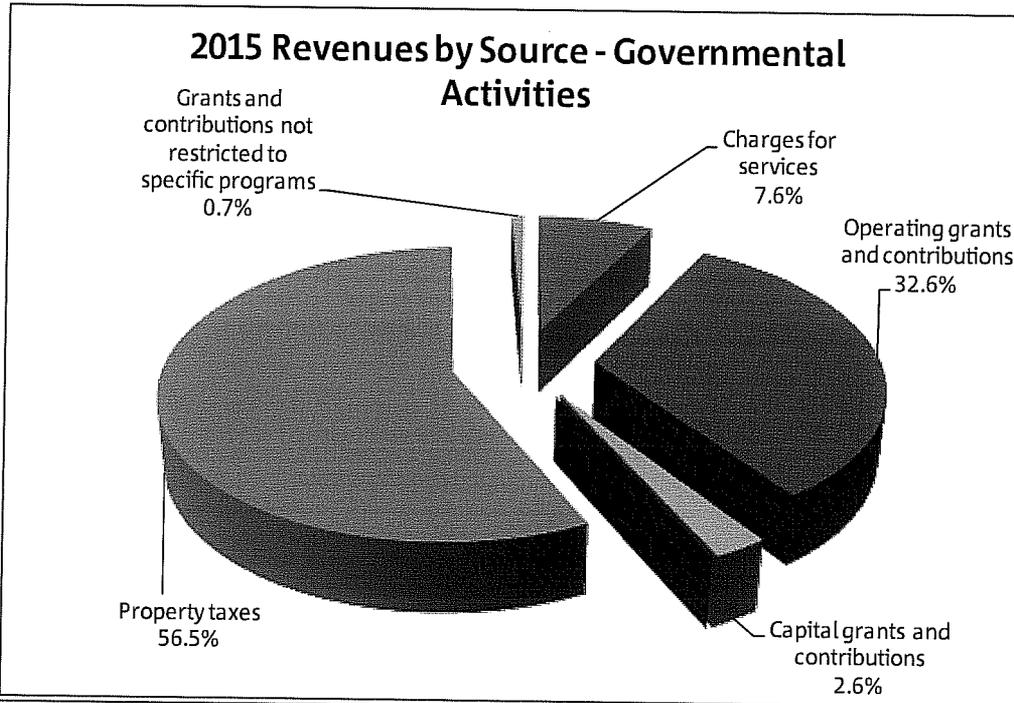
	2015	2014
Program revenues:		
Charges for services	\$ 4,668,264	\$ 4,874,110
Operating grants and contributions	20,122,556	20,910,757
Capital grants and contributions	1,586,784	960,393
General revenues:		
Property taxes	34,856,305	32,966,785
Grants and contributions not restricted to specific programs	473,259	429,579
Unrestricted investment earnings	6,681	6,022
Total revenues	61,713,849	60,147,646
 Program expenses		
General government	5,940,815	6,150,303
Public safety	5,023,856	6,195,500
Public works	4,505,891	4,518,936
Culture and recreation	1,576,732	1,650,374
Health and welfare	351,613	780,842
Education	41,297,244	42,301,861
Interest on long-term debt	1,106,937	786,003
Total expenses	59,803,088	62,383,819
 Change in net position	\$ 1,910,761	\$ (2,236,173)

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Changes in Net Position (Continued)**



**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Governmental Activities**

Governmental activities increased the Town's net position by \$1,910,761. Revenues generated by the Town increased by \$1,566,203 and expenses decreased in the amount of \$2,580,731, when compared to the prior year.

Key elements of the current year change in net position were an increase in tax collections primarily attributed to an increase in the Town's mill rate. In addition, the Town incurred significantly less expenses for both public safety and education. Public safety expenses decreased in comparison to the prior due to a decrease in the estimated heart and hypertension liability. Education expenses decreased in comparison to the prior year due to the current year change in net pension liability.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

**Governmental Funds**

The focus of the Town'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund deficit of \$2,287,228, a decrease of \$5,091,333 in comparison with the prior year. Of this amount, a \$6,344,096 constitutes a deficit in the total unassigned fund balance of the Town. Approximately \$9.9 million of the deficit fund balance pertains to capital improvements which are currently being financed by short-term bond anticipation notes. This deficit will be funded upon conversion of the short-term debt to long-term general obligation bonds.

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,755,615, while total fund balance was \$3,812,497. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 7.3% of total General Fund budgetary expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 0.9 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$260,098 during the current fiscal year.

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

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**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)**

**Capital Improvement Fund**

The Capital Improvement Fund has a deficit fund balance of \$9,900,626 as of June 30, 2015, an increase in the deficit of \$5,181,304 from the prior year. This deficit is attributable to expenditures incurred for various ongoing capital projects for which permanent financing has not yet been obtained. The deficit is expected to be funded by permanent financing in the future.

**Water Assessment Fund**

The fund balance of the Water Assessment Fund decreased by \$129,979 during the current fiscal year. This decrease was due primarily to current year assessment revenue offset by a transfer to the General Fund to cover related debt service costs.

**Small Cities Grant Program Fund**

There was no change to the fund balance of the Small Cities Grant Program Fund during the current fiscal year. Current year activity included grant proceeds and loan repayments offset by the issuance of new loans and current year administrative costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The actual net change in the fund balance of the General Fund on a budgetary basis was an increase of \$306,200. No supplemental appropriations were made during the current fiscal year. On a budgetary basis the unassigned fund balance was 7.3% of total expenditures.

During the year, revenues exceeded budgetary estimates by \$159,654, as a result of increased tax collections, offset by a decrease in charges for services of \$155,331. Expenditures were \$146,546 less than budgeted.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2015 totaled \$82,629,870 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure. The Town's investment in capital assets increased \$2,801,587 or 3.51%.

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Capital Assets (Continued)**

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

- An increase of \$2,050,671 in construction in progress, primarily due to ongoing construction of various road, bridge and sidewalk projects, as well as the construction of a new town garage.
- An increase of \$131,780 in land improvements related to the completion of the Town's dog pound and Peterson Park chain link fencing as well as a transfer from CIP of the 9 hole expansion project at the Town's golf course.
- An increase to buildings of \$239,527 for a reclassification of the Woodtick Road Food Pantry from construction in progress to depreciable building asset.
- An increase of \$235,912 in the vehicle, machinery and equipment category due to the purchase of two new police vehicles, a dump truck, and an excavator.
- An increase of approximately \$3.0 million to infrastructure due to the completion of various road reconstruction projects.
- A decrease due to depreciation expense of \$2,890,641.

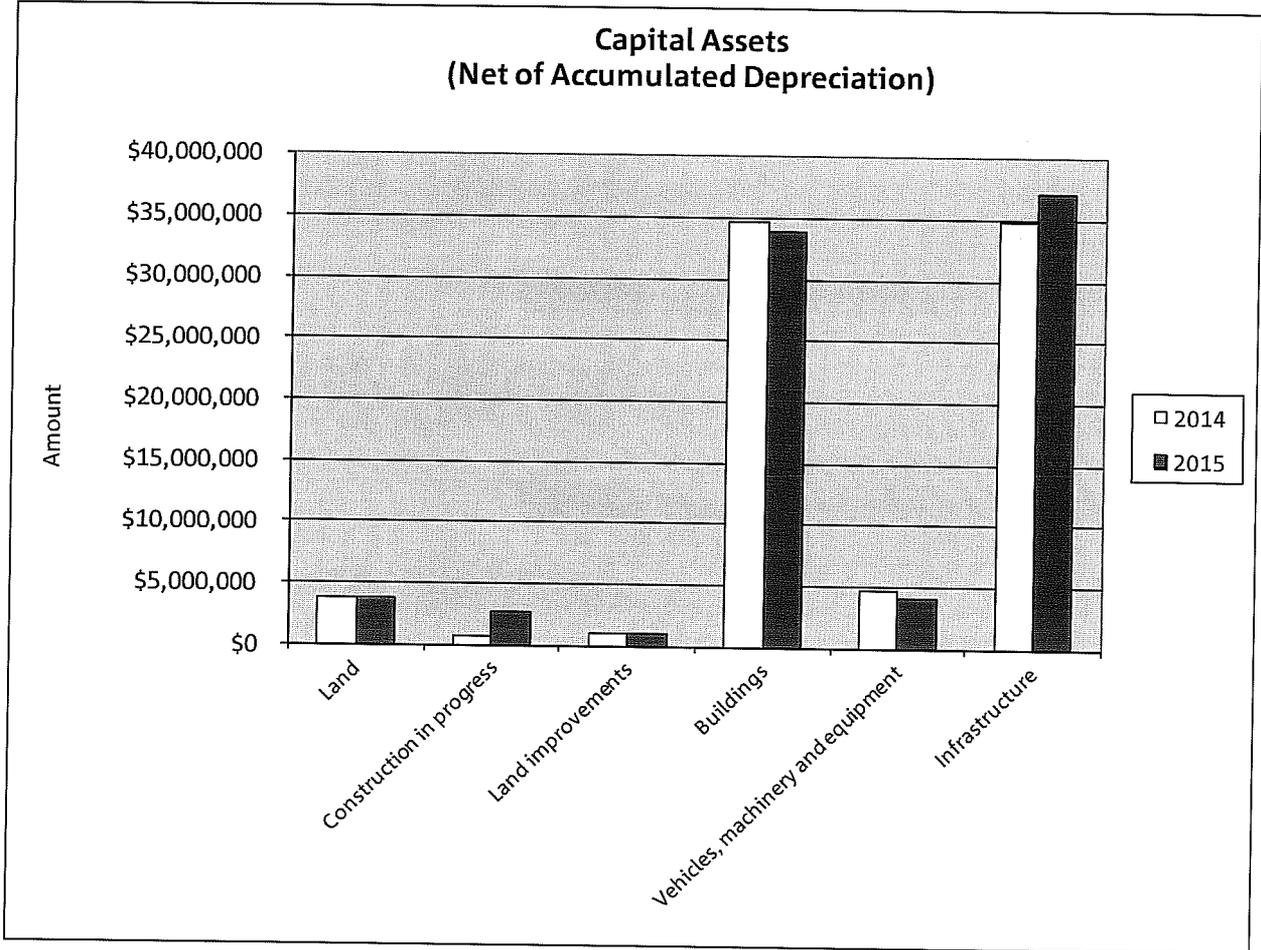
The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

	2015	2014
Land	\$ 3,830,774	\$ 3,830,774
Construction in progress	2,744,506	693,835
Land improvements	1,096,401	1,072,699
Buildings	33,839,709	34,682,137
Vehicles, machinery and equipment	4,050,215	4,689,794
Infrastructure	37,068,265	34,859,044
Totals	<u>\$ 82,629,870</u>	<u>\$ 79,828,283</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Capital Assets (Continued)**



Additional information on the Town's capital assets can be found in Note D on page 43 of this report.

**Long-term Debt**

At the end of the current fiscal year, the Town had total debt outstanding, excluding capital lease obligations, of \$39,267,231, all of which is backed by the full faith and credit of the government. The Town's total principal debt increased by \$658,468 or 1.7% during the current fiscal year due to scheduled debt service payments offset by the issuance of general obligation refunding bonds.

In October 2014 the Town issued a new bond anticipation note in the amount of \$13,050,000 to fund various ongoing capital projects.

In October 2014 the Town also issued general obligation bonds of \$6,690,000 to retire a portion of previously outstanding bond anticipation notes. Also, in January 2015, the Town issued general obligation refunding bonds totaling \$4,030,000. The refunding will generate cash flow savings of \$408,842 and provide an economic gain to the Town of \$392,048.

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

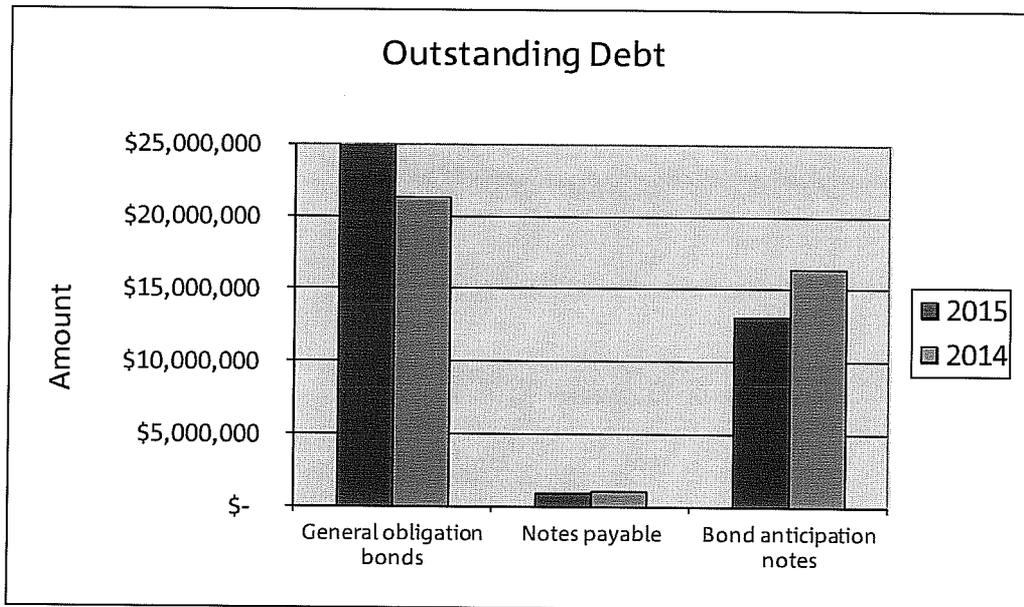
**Long-term Debt**

As of June 30, 2015 the Town's general obligation bond rating was AA as rated by Standard and Poor's in October 2014.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$243,575,339 which is significantly in excess of the Town's outstanding general obligation debt.

The following tables are a two year comparison of long-term debt:

	Totals	
	2015	2014
General obligation bonds	\$ 25,390,000	\$ 21,290,000
Notes payable	827,231	993,763
Bond anticipation notes	13,050,000	16,325,000
Totals	\$ 39,267,231	\$ 38,608,763



Additional information on the Town's debt can be found in Notes G and H on pages 45 - 49 of this report.

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**JUNE 30, 2015**

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

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town is currently 4.4%. This compares favorably to the state's average unemployment rate of 5.4% and the national unemployment rate of 5.5%.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
  - For purposes of calculating property tax revenues for fiscal year 2016, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
  - Intergovernmental grants were based on estimates from the State.
  - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2016.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, Town of Wolcott, 10 Kenea Avenue, Wolcott, Connecticut 06716.

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**BASIC FINANCIAL STATEMENTS**

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**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,675,286
Investments	835,000
Receivables:	
Property taxes and interest, net	1,201,648
Grants and contracts	1,092,024
Loans	2,241,409
Assessments, net	1,493,114
Usage, net	1,186,420
Other	171,386
Inventories	32,158
Noncurrent assets:	
Grants and contracts	2,616,526
Capital assets:	
Non-depreciable	6,575,280
Depreciable, net	76,054,590
Total assets	106,174,841
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on sewer upgrades	827,231
Deferred charge on refunding	670,640
Deferred pension benefits	416,546
	1,914,417
<b>LIABILITIES</b>	
Accounts payable	2,907,080
Accrued liabilities:	
Salaries and benefits payable	327,187
Accrued interest	391,528
Claims payable	485,759
Bond anticipation notes payable	13,050,000
Unearned revenue	118,752
Noncurrent liabilities:	
Due within one year:	3,690,680
Due in more than one year:	47,066,200
Total liabilities	68,037,186
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension benefits	2,042,423
<b>NET POSITION</b>	
Net investment in capital assets	42,649,062
Restricted for:	
Grant program purposes	142,370
Other purposes	87,670
Unrestricted	(4,869,453)
Total net position	\$ 38,009,649

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 5,940,815	\$ 359,753	\$ 305,902	\$ (5,275,160)
Public safety	5,023,856	259,475	8,364	(4,756,017)
Public works	4,505,891	1,769,122	103,186	(1,873,567)
Culture and recreation	1,576,732	664,767	23,783	(888,182)
Health and welfare	351,613	72,959	2,044	(276,610)
Education	41,297,244	1,542,188	19,679,277	(19,249,011)
Interest on long-term debt	1,106,937	-	-	(1,106,937)
Total governmental activities	<u>59,803,088</u>	<u>4,668,264</u>	<u>20,122,556</u>	<u>(33,425,484)</u>
General revenues:				
Property taxes, levied for general purposes				34,856,305
Grants and contributions not restricted to specific programs				473,259
Income from investments				6,681
Total general revenues				<u>35,336,245</u>
Change in net position				1,910,761
Net position - beginning, as originally reported				51,355,077
Cumulative effect of implementing new accounting standard (See Note A)				(15,256,189)
Net position - beginning, as adjusted				36,098,888
Net position - ending				<u>\$ 38,009,649</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,755,088	\$ 4,096,819	\$ 1,489,081	\$ 31,024	\$ 2,133,643	\$ 11,505,655
Investments	490,000	-	-	-	345,000	835,000
Receivables:						
Property taxes, net	981,498	-	-	-	-	981,498
Interest on property taxes, net	220,150	-	-	-	-	220,150
Grants and contracts	3,456,653	-	-	-	251,897	3,708,550
Loans	-	-	-	2,241,409	-	2,241,409
Assessments, net	-	-	1,480,718	-	12,396	1,493,114
Usage fees, net	-	-	-	-	1,186,420	1,186,420
Other	128,418	-	-	-	31,644	160,062
Due from other funds	594,152	-	-	-	81,757	675,909
Inventories	-	-	-	-	32,158	32,158
Total assets	<u>\$ 9,625,959</u>	<u>\$ 4,096,819</u>	<u>\$ 2,969,799</u>	<u>\$ 2,272,433</u>	<u>\$ 4,074,915</u>	<u>\$ 23,039,925</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,183,634	\$ 860,607	\$ -	\$ 6,213	\$ 856,626	\$ 2,907,080
Accrued salaries and benefits payable	327,187	-	-	-	-	327,187
Bond anticipation notes payable	-	13,050,000	-	-	-	13,050,000
Due to other funds	-	86,838	-	-	389,071	475,909
Unearned revenue	22,272	-	-	24,811	71,669	118,752
Total liabilities	<u>1,533,093</u>	<u>13,997,445</u>	<u>-</u>	<u>31,024</u>	<u>1,317,366</u>	<u>16,878,928</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue:						
Property taxes and interest	1,029,152	-	-	-	-	1,029,152
Grants and contracts	3,251,217	-	-	-	-	3,251,217
Loans	-	-	-	2,241,409	-	2,241,409
Assessments	-	-	1,480,718	-	12,396	1,493,114
Usage fees	-	-	-	-	433,333	433,333
Total deferred inflows of resources	<u>4,280,369</u>	<u>-</u>	<u>1,480,718</u>	<u>2,241,409</u>	<u>445,729</u>	<u>8,448,225</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	32,158	32,158
Restricted	-	-	-	-	230,040	230,040
Committed	-	-	1,489,081	-	2,248,707	3,737,788
Assigned	56,882	-	-	-	-	56,882
Unassigned	3,755,615	(9,900,626)	-	-	(199,085)	(6,344,096)
Total fund balances (deficits)	<u>3,812,497</u>	<u>(9,900,626)</u>	<u>1,489,081</u>	<u>-</u>	<u>2,311,820</u>	<u>(2,287,228)</u>
Total liabilities, deferred inflows and fund balances (deficits)	<u>\$ 9,625,959</u>	<u>\$ 4,096,819</u>	<u>\$ 2,969,799</u>	<u>\$ 2,272,433</u>	<u>\$ 4,074,915</u>	<u>\$ 23,039,925</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

Total fund balance for governmental funds \$ (2,287,228)

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land	\$ 3,830,774	
Construction in progress	2,744,506	
Land improvements	4,046,414	
Buildings	59,026,828	
Vehicles, machinery and equipment	15,931,316	
Infrastructure	63,707,305	
Less accumulated depreciation and amortization	<u>(66,657,273)</u>	
Total capital assets, net		82,629,870

Some of the Town's taxes, assessments, interest and loans receivables will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 5,197,008

Long-term school construction grant receivables received from the State of Connecticut are not available soon enough to pay for current period's expenditures, and therefore are reported as deferred revenue in the funds. 3,251,217

Deferred outflows/inflows of resources resulting from changes in the components of the net pension liability are reported in the statement of net position. (1,625,877)

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Accrued interest payable	(391,528)	
Long-term debt:		
Bonds payable, net	(27,048,474)	
Deferred charges on refunding	670,640	
Other long-term liabilities:		
Notes payable	(827,231)	
Deferred charges on sewer upgrades	827,231	
Capital lease obligations	(552,974)	
Heart and Hypertension obligations	(1,117,443)	
Compensated absences	(2,902,377)	
Early retirement incentive	(7,125)	
Net pension liabilities	(11,000,167)	
Net OPEB obligation	<u>(7,301,089)</u>	
Total long-term liabilities		(49,650,537)

An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 495,196

Net position of governmental activities \$ 38,009,649

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 34,705,469	\$ -	\$ -	\$ -	\$ -	\$ 34,705,469
Intergovernmental	20,699,671	-	-	-	1,879,497	22,579,168
Charges for services	229,717	-	296,625	117,800	3,173,397	3,817,539
Licenses, permits, and other charges	406,648	-	-	-	6,339	412,987
Interest income	5,155	-	-	67	1,459	6,681
Other revenue	215,019	-	-	-	67,165	282,184
Total revenues	<u>56,261,679</u>	<u>-</u>	<u>296,625</u>	<u>117,867</u>	<u>5,127,857</u>	<u>61,804,028</u>
<b>EXPENDITURES</b>						
Current:						
General government	6,311,196	-	-	-	50,874	6,362,070
Public safety	5,104,253	-	-	-	141,676	5,245,929
Public works	2,218,677	-	-	-	1,134,654	3,353,331
Culture and recreation	689,900	-	-	-	694,531	1,384,431
Health and welfare	188,995	-	-	117,867	26,284	333,146
Education	37,739,030	-	-	-	2,432,044	40,171,074
Capital outlays	106,871	5,716,721	-	-	445,545	6,269,137
Debt service:						
Principal payments	2,570,000	-	-	-	189,946	2,759,946
Interest and fiscal charges	852,280	73,247	-	-	20,075	945,602
Debt issuance costs	96,876	160,534	-	-	-	257,410
Capital leases	372,476	-	-	-	-	372,476
Total expenditures	<u>56,250,554</u>	<u>5,950,502</u>	<u>-</u>	<u>117,867</u>	<u>5,135,629</u>	<u>67,454,552</u>
Excess (deficiency) of revenues over expenditures	11,125	(5,950,502)	296,625	-	(7,772)	(5,650,524)
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital lease financing	58,117	-	-	-	-	58,117
Proceeds from refunding bond issuance	4,030,000	-	-	-	-	4,030,000
Payment to refunding bond escrow agent	(4,409,820)	-	-	-	-	(4,409,820)
Premium on bonds issued	476,696	266,238	-	-	-	742,934
Premium on bond anticipation notes	-	137,960	-	-	-	137,960
Transfers in	508,980	365,000	-	-	50,000	923,980
Transfers out	(415,000)	-	(426,604)	-	(82,376)	(923,980)
Total other financing sources (uses)	<u>248,973</u>	<u>769,198</u>	<u>(426,604)</u>	<u>-</u>	<u>(32,376)</u>	<u>559,191</u>
Net change in fund balances	260,098	(5,181,304)	(129,979)	-	(40,148)	(5,091,333)
Fund balances (deficit) - beginning	<u>3,552,399</u>	<u>(4,719,322)</u>	<u>1,619,060</u>	<u>-</u>	<u>2,351,968</u>	<u>2,804,105</u>
Fund balances (deficit) - ending	<u>\$ 3,812,497</u>	<u>\$ (9,900,626)</u>	<u>\$ 1,489,081</u>	<u>\$ -</u>	<u>\$ 2,311,820</u>	<u>\$ (2,287,228)</u>

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF WOLCOTT, 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, 2015**

Net change in fund balances - total governmental funds \$ (5,091,333)

Total change in net position reported for governmental activities in the statement of activities is 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 and reported as depreciation expense. The amount by which capital outlay exceeded depreciation and amortization expense in the current period is as follows:

Expenditures for capital assets	\$ 5,694,338	
Depreciation and amortization expense	(2,890,641)	
Net adjustment		2,803,697

In the statement of activities, only the gain (loss) on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the governmental funds. (2,110)

Deferred outflows/inflows of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities. 482,563

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Capital lease financing	(58,117)	
Refunding bonds issued	(4,030,000)	
Premium on bonds issued	(742,934)	
Loss on refunding bonds	89,820	
Principal repayments:		
Bonds and notes payable	7,056,532	
Capital lease obligations	383,025	
Net adjustment		2,698,326

*(Continued)*

**TOWN OF WOLCOTT, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	\$	(44,292)	
Deferred charges on sewer upgrades		(166,532)	
Deferred charges on refunding		(71,606)	
Unamortized bond premium		86,878	
Heart and Hypertension obligations		410,542	
Compensated absences		52,211	
Early retirement incentive		1,425	
Net pension liabilities		2,400,857	
Net OPEB obligation		<u>(1,068,594)</u>	
	\$		1,600,889
<p>Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. This amount represents the change in deferred inflows of resources.</p>			
			(559,766)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within governmental activities.</p>			
			<u>(21,505)</u>
Change in net position of governmental activities	\$		<u><u>1,910,761</u></u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 34,566,740	\$ 34,566,740	\$ 34,705,469	\$ 138,729
Intergovernmental	15,545,292	15,545,292	15,559,559	14,267
Charges for services	296,412	296,412	141,081	(155,331)
Licenses and permits	321,300	321,300	406,648	85,348
Interest income	4,000	4,000	5,155	1,155
Other revenues	231,625	231,625	307,111	75,486
Total revenues	<u>50,965,369</u>	<u>50,965,369</u>	<u>51,125,023</u>	<u>159,654</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,460,344	6,417,767	6,361,196	(56,571)
Public safety	5,214,944	5,180,194	5,150,718	(29,476)
Public works	2,162,118	2,244,177	2,218,677	(25,500)
Culture and recreation	720,045	709,308	689,900	(19,408)
Health and welfare	188,211	194,216	188,995	(5,221)
Education	32,779,867	32,779,867	32,779,441	(426)
Debt service:				
Principal payments	2,570,000	2,570,000	2,570,000	-
Interest and fiscal charges	852,279	852,279	852,280	1
BAN payments	365,000	365,000	365,000	-
Capital leases	161,541	161,541	151,596	(9,945)
Total expenditures	<u>51,474,349</u>	<u>51,474,349</u>	<u>51,327,803</u>	<u>(146,546)</u>
Deficiency of revenues over expenditures	(508,980)	(508,980)	(202,780)	306,200
<b>OTHER FINANCING SOURCES</b>				
Transfers in	508,980	508,980	508,980	-
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	306,200	<u>\$ 306,200</u>
Fund balance - beginning			<u>3,449,415</u>	
Fund balance - ending			<u>\$ 3,755,615</u>	

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - WATER ASSESSMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Water assessment phase 5	\$ 20,000	\$ 20,000	\$ 64,730	\$ 44,730
Water assessment phase 6	25,000	25,000	14,897	(10,103)
Water assessment phase 7	367,604	367,604	198,752	(168,852)
Water assessment phase 8	12,000	12,000	17,094	5,094
Water assessment phase 9	2,000	2,000	1,152	(848)
Total revenues	<u>426,604</u>	<u>426,604</u>	<u>296,625</u>	<u>(129,979)</u>
<b>OTHER FINANCING USES</b>				
Transfers out:				
General Fund - debt service	<u>(426,604)</u>	<u>(426,604)</u>	<u>(426,604)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(129,979)</u>	<u>\$ (129,979)</u>
Fund balance - beginning			<u>1,619,060</u>	
Fund balance - ending			<u>\$ 1,489,081</u>	

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	Governmental Activities
	Internal Service Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,169,631
Receivables	11,324
Total assets	1,180,955
<b>LIABILITIES</b>	
Claims payable	485,759
Due to other funds	200,000
Total liabilities	685,759
<b>NET POSITION</b>	
Unrestricted	495,196
Total net position	\$ 495,196

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services and premiums - employer	\$ 5,448,116
Charges for services and premiums - employee	1,687,453
Total operating revenues	<u>7,135,569</u>
<b>OPERATING EXPENSES</b>	
Claims incurred	6,520,281
Administration	636,793
Total operating expenses	<u>7,157,074</u>
Change in net position	(21,505)
Net position - beginning	<u>516,701</u>
Net position - ending	<u><u>\$ 495,196</u></u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received for the following:	
Employer	\$ 5,448,116
Employee	1,774,833
Cash paid for the following:	
Benefits and claims	(6,496,629)
Administration	(636,793)
Net cash provided by operating activities	89,527
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash transfers related to interfund activity	84,417
Net cash provided by noncapital financing activities	84,417
Net increase in cash and cash equivalents	173,944
Cash and cash equivalents, beginning of year	995,687
Cash and cash equivalents, end of year	\$ 1,169,631
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (21,505)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	87,380
Increase in claims payable	23,652
Net cash provided by operating activities	\$ 89,527

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2015**

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Fund - Scholarship Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,007,483	\$ 10,075	\$ 321,365
Investments, at fair value:			
Certificates of deposit	-	228,795	-
Guaranteed annuity contracts	12,016,329	-	-
Equity mutual funds	14,510,039	-	-
Bond mutual funds	2,345,430	-	-
Contributions receivable	108,689	-	-
Total assets	<u>29,987,970</u>	<u>238,871</u>	<u>\$ 321,365</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	141,809
Due to others	-	-	179,556
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 321,365</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 29,987,970</u>	<u>\$ 238,871</u>	

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund - Scholarship Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 1,701,893	\$ -
Plan members	89,271	-
Private donations	-	1,000
Total contributions	<u>1,791,164</u>	<u>1,000</u>
Investment earnings:		
Net increase in the fair value of investments	1,519,325	-
Interest and dividends	490,496	5,831
Total investment earnings	<u>2,009,821</u>	<u>5,831</u>
Less investment fee expense	137,831	-
Net increase in investments	<u>1,871,990</u>	<u>5,831</u>
Total additions	<u>3,663,154</u>	<u>6,831</u>
<b>DEDUCTIONS</b>		
Benefit payments	1,722,185	-
Awards expense	-	11,150
Administrative expenses	44,905	-
Total deductions	<u>1,767,090</u>	<u>11,150</u>
Change in net position	1,896,064	(4,319)
Net position - beginning	<u>28,091,906</u>	<u>243,190</u>
Net position - ending	<u>\$ 29,987,970</u>	<u>\$ 238,871</u>

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Wolcott, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

**Financial Reporting Entity**

The Town, originally named Farmingbury, was incorporated as Wolcott in 1796, under the provisions of the Connecticut General Statutes. The Town operates under a Town Council/Mayor form of government and provides the following services as authorized by its charter: public safety, public works, culture and recreation, health and welfare, education and other miscellaneous programs.

The legislative power of the Town is vested with the Town Council and Town Meeting. The Town Council may enact, amend or repeal ordinances and resolutions. The Town Council is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and the Mayor is responsible for presenting fiscal operating budgets for Town Council approval.

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, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, there are no component units requiring inclusion in these financial statements.

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

**Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

TOWN OF WOLCOTT, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Government-wide and Fund Financial Statements *(Continued)***

**Fund Financial Statements *(Continued)***

The Town reports the following major governmental funds:

**General Fund** - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

**Capital Improvement Fund** - This capital projects fund is used to account for the revenues and expenditures associated with the Town's various long-term capital projects.

**Water Assessments Fund** - This fund is used to account for the proceeds of water line assessments. Revenue is used to fund debt services costs related to the waterline extension projects within the Town.

**Small Cities Grant Fund** - This fund accounts for the proceeds and expenditures related to the Community Development Block Grant Small Cities program operated by the Town. Funding is used to provide loans to low-income residents for home repairs.

In addition, the Town reports the following fiduciary fund types:

**Internal Service Fund *(proprietary)*** - This fund accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk management activities related to medical and dental insurance.

**Pension Trust Funds** - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: Town and Police Pension Trust Fund and the Board of Education Pension Trust Fund.

**Private Purpose Trust Fund** - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. There is no requirement that any portion of the resources be preserved as capital. The Town utilizes a private purpose trust fund to account for activities of the School Scholarship Private Purpose Trust Fund.

**Agency Funds** - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities fund and the performance bond fund. The student activities fund accounts for monies generated by student activities in the Town's school system. The performance bond fund accounts for monies received to ensure that driveways are installed to correct specifications for new construction.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds 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 prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected 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 period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

**Implementation of Accounting Standards**

Effective July 1, 2014, the Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The implementation of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaced the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*. GASB Statement No. 68 required the Town to recognize a net pension liability relating to its long-term obligations for pension benefits in the government-wide financial statements. In addition, the implementation of GASB Statement No. 68 resulted in enhanced note disclosures and required supplementary information.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Implementation of Accounting Standards**

The Town has reported the following cumulative effect of applying GASB Statement No. 68 as an adjustment of beginning net position as of July 1, 2014.

	Governmental Activities
Net position - beginning, as originally reported	\$ 51,355,077
Adjustment to remove net pension obligation previously recognized under GASB Statement No. 27	253,275
Adjustment to record net pension liability and related deferred inflows of resources under GASB Statement No. 68	(15,509,464)
Net position - beginning, as adjusted	\$ 36,098,888

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance**

**Cash Equivalents**

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

**Investments**

Investments for the Town are reported at fair value (generally based on quoted market prices) except as described below.

The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office. STIF operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF qualifies as a 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. STIF is subject to regulatory oversight even though they are not registered by the SEC.

**Inventories**

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)**

**Property Taxes**

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due and interest on delinquent accounts is charged at a rate of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$63,173 and \$22,738, respectively, as of June 30, 2015.

Upon completion of projects, water and sewer assessments are levied and assessed to the users annually. The timing of billings is based on which phase of the assessment the property is located in. Sewer usage charges are billed annually on July 1. Water usage charges are billed quarterly. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at a rate of 1.5% per month. Liens are filed on all delinquent properties until the assessment is paid in full. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible water and sewer assessments of \$93,000 and \$8,000, respectively, as of June 30, 2015. In addition, the Town has established an allowance for uncollectible water and sewer usage of \$3,000 and \$10,000, respectively, as of June 30, 2015.

**Loans Receivable**

The Town administers a Residential Rehabilitation Loan Program for low to moderate income families. The loans bear an interest rate of 0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2015, loans receivable totaled \$2,241,409 under this program.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than five 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	50
Vehicles, machinery and equipment	5-15
Infrastructure	10-50

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)**

**Unearned Revenue**

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and such amounts will not be recognized as an outflow of resources (expense/expenditure) until then. The Town recognizes deferred outflows of resources in the government-wide statement of net position for deferred charges on refunding and deferred charges on notes payable. The deferred charge on refunding resulted from the difference in the carrying value of previously refunded debt and the reacquisition price of the debt. The deferred charge on sewer upgrades resulted from costs recognized by the Town in connection with upgrades completed at the sewage treatment plant in the City of Waterbury. These amounts have been deferred and are being amortized as an expense over the life of the debt.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and such amounts will not be recognized as an inflow of resources (revenue) until that time. The Town recognizes deferred inflows of resources in the governmental funds balance sheet for unavailable revenue. Unavailable revenues from property taxes and interest thereon, intergovernmental revenues, loans receivable, assessments and usage charges receivables are deferred and recognized as an inflow of resources in the period that the amounts become available.

The Town recognizes deferred outflows/inflows of resources in the government-wide statement of net position for deferred amounts on pension benefits resulting from changes in the components of the Town's net pension liability. These amounts are deferred and amortized as a component of pension expense.

**Compensated Absences and Employee Retirement Obligations**

It is the Town's policy to permit employees to accumulate unused sick and vacation pay benefits. Benefits are determined by the individual union contracts. Certain Board of Education personnel are also eligible for certain retirement incentive amounts that are amortized over time upon acceptance of an Early Retirement Incentive Program. In addition, certain Town police employees are eligible for heart and hypertension benefits which are amortized over time.

All compensated absences and employee retirement obligations are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expenses when incurred.

TOWN OF WOLCOTT, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

*Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)*

*Long-term Obligations (Continued)*

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

**Net Position and Fund Balances**

The statement of net position presents the Town's assets, deferred outflows of resources, and liabilities, with net position as the residual of these elements. Net position reported in three categories:

***Net investment in capital assets*** - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

***Restricted net position*** - This component of net position consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. None of the Town's restricted net position is restricted through enabling legislation.

***Unrestricted net position*** - This component of net position is the net amount of assets, liabilities, and deferred inflows/outflows of resources which do not meet the definition of the preceding two categories.

The Town's governmental funds report the following fund balance categories:

***Nonspendable*** - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

***Restricted*** - Constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through enabling legislation.

***Committed*** - Amounts can be only used for specific purposes pursuant to constraints imposed by formal action of the Town Council (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

***Assigned*** - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

***Unassigned*** - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2015

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance *(Continued)***

**Net Position and Fund Balances *(Continued)***

***Net Position Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town's policy to use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned. It is the Town's policy to maintain an unassigned fund balance in the General Fund of a minimum of 7% of the ensuing fiscal year's operating revenue, with a targeted maximum of 10%. As of June 30, 2015, unassigned fund balance in the General Fund represents 7.1% of the Town's approved fiscal year 2015-2016 General Fund budget.

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance designation (non-spendable) in the General Fund and by a restricted, committed, or assigned fund balance designation of other governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**Interfund Services Provided and Used**

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interfund Activities (Continued)**

**Interfund Transfers**

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

**Interfund Reimbursements**

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE**

**Budgetary Information**

A legally adopted budget is authorized annually for the following funds: General Fund, Acquired Facilities, Farmingbury Hills, Sewer Usage, Water Usage, Sewer Assessment and Water Assessment Funds. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provision of its Town Charter:

- The head of each department, office or agency of the Town, supported wholly or in part from Town funds, including the Board of Education, submits to the Mayor a detailed estimate of the expenditures to be made and the revenues to be collected in the ensuing fiscal year. Estimates are required to be submitted to the Mayor at least 90 days before the end of the fiscal year.
- The Mayor presents the budgeted estimates of revenues and expenditures and justifications to the Town Council, no later than 90 days before the end of the fiscal year.
- Not less than 30 days before the beginning of the fiscal year, the Town Council holds a public hearing on the budget. The Town Council adopts the final budget before 20 days of the close of the fiscal year.
- Expenditures are budgeted by function, department and object. The legal level of budget control is the department level. Intradepartmental transfers of any amount under \$100 can be made without Town Council Approval. The Mayor may authorize additional appropriations up to \$20,000 on an individual basis and up to \$50,000 on a cumulative basis with the approval of the Town Council. Additional appropriations in excess of \$20,000 individually or \$50,000 cumulatively must be approved at a Town meeting.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE (Continued)**

**Budgetary Information (Continued)**

- Formal budgetary integration is employed as a management control device during the year.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for capital improvements and nonrecurring expenditures. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2015:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 51,125,023	\$ 51,327,803	\$ 508,980	\$ 306,200
"On-behalf" payments - State Teachers Retirement Fund (see Note J)	4,143,464	4,143,464	-	-
Adjustment for encumbrances	-	46,102	-	(46,102)
Capital lease proceeds not recorded for budgetary purposes	-	58,117	58,117	-
Refunding bond proceeds not recorded for budgetary purposes	-	96,876	96,876	-
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	993,192	993,192	-	-
Certain transfers recorded as revenues for budgetary purposes	-	(415,000)	(415,000)	-
GAAP basis	<u>\$ 56,261,679</u>	<u>\$ 56,250,554</u>	<u>\$ 248,973</u>	<u>\$ 260,098</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE (Continued)**

**Deficit Fund Equity**

The following funds have deficit fund balances as of June 30, 2015, none of which constitutes a violation of statutory provisions:

Fund	Amount
Capital Improvement Fund	\$ (9,900,626)
Farmingbury Hills Country Club Fund	(199,085)

The deficits are expected to be eliminated through future revenue sources, bonding, and transfers in from the General Fund.

**Capital Projects Authorizations**

The following is a summary of capital projects as of June 30, 2015:

Capital Project	Authorization	Current Year Expenditures	Cumulative Expenditures	Encumbered	Balance - June 30, 2015
Spindle Hill State Grant	\$ 483,500	\$ 408,776	\$ 408,776	\$ 42,698	\$ 32,026
<b>Various Capital Projects III</b>					
Finance/bonding legal/insurance	325,000	190,794	308,663	-	16,337
Purchase of pumper/tank fire engine	499,891	-	499,891	-	-
Reconstruction/repair roads - phase I	9,187,424	1,376	9,187,424	-	-
Upgrades to Wolcott Public Schools	1,800,000	54,145	1,800,000	-	-
Waterline lower Woodtick Road	162,685	-	162,685	-	-
Walking trail at Scovil Reservoir	350,000	169,004	220,831	16,232	112,937
<b>Various Capital Projects IV</b>					
Finance/bonding legal/insurance	271,300	42,987	51,131	-	220,169
Reconstruction/repair roads - phase II	10,500,000	5,137,988	5,240,095	214,702	5,045,203
Public works building	275,000	192,767	192,767	1,404	80,829
Upgrades to Wolcott Public Schools	863,700	79,684	79,684	315,423	468,593
<b>Total</b>	<b>\$ 24,718,500</b>	<b>\$ 6,277,521</b>	<b>\$ 18,151,947</b>	<b>\$ 590,459</b>	<b>\$ 5,976,094</b>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE C - CASH DEPOSITS AND INVESTMENTS**

Cash and cash equivalents consist of the following as of June 30, 2015:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 12,675,286
Statement of fiduciary net position:	
Cash and cash equivalents	1,338,923
	14,014,209
Add: certificates of deposit considered as cash deposits	
for disclosure purposes	228,795
Less: cash equivalents considered investments	
for disclosure purposes	(2,366,691)
	\$ 11,876,313

**Cash Deposits – Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy provides for uninsured demand and time deposits with banks and savings and loan institutions to be collateralized as prescribed in the Connecticut general statutes, as described below. In addition, in order to anticipate market changes and provide for a level of security for all funds, all public deposits shall be held in qualified public depositories. As of June 30, 2015, \$12,335,996 of the Town's bank balance of \$13,242,512 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,102,396
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	1,233,600
	\$ 12,335,996

All of the Town's deposits were in qualified public institutions as defined by Connecticut general statutes. Under these statutes, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

A reconciliation of the Town's investments as of June 30, 2015 is as follows:

Government-wide statement of net position:		
Investments	\$	835,000
Statement of fiduciary net position:		
Investments		29,100,593
		29,935,593
Add: cash equivalents considered investments for disclosure purposes		2,366,691
Less: certificates of deposit considered as cash deposits for disclosure purposes		(228,795)
		\$ 32,073,489

As of June 30, 2015, the Town's investments consisted of the following:

Investment type	Credit Rating	Fair Value	Investment Maturities (In Years)	
			Less Than 1	1 to 5
<b>Debt Securities:</b>				
Pooled fixed income accounts	AAA	\$ 1,609,311	\$ 1,609,311	\$ -
Certificates of Deposit	Unrated	835,000	590,000	245,000
Guaranteed annuity contract	Unrated	12,016,329	12,016,329	-
Money market mutual funds	Unrated	757,380	757,380	-
		15,218,020	\$ 14,973,020	\$ 245,000
<b>Other investments:</b>				
Equity mutual funds		14,510,039		
Bond mutual funds		2,345,430		
		\$ 32,073,489		

Because pooled fixed income accounts and the money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy provides for the Town to maintain significant balances in cash equivalents or other short term maturity investments, as changing interest rates have limited impact on these types of investments.

**Credit Risk**

Connecticut general statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The pension trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

The Town's investment policy regarding credit risk is to limit investments to those specified in the Connecticut general statutes, to pre-qualify the financial institutions used by the Town and to diversify the Town's portfolio so that the failure of one issuer will not place undue financial burden on the Town.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, 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. The Town's investment policy defines certain requirements that financial dealers and institutions must to become qualified bidders to provide services to the Town. The Town's investments consist primarily of investments in pooled fixed income accounts, mutual funds and a guaranteed annuity contract, and are therefore not exposed to custodial credit risk as they are pooled investments rather than separate identifiable securities.

**Concentrations of Credit Risk**

The Town's investment policy restricts investments in any one issuer that is in excess of 10%. In addition, the Town's policy defines other limitations in an effort to avoid incurring unreasonable inherent risk of over-concentration in specific instruments, individual issuers or maturities. More than 10 percent of the Town's investments are in certain mutual funds and a guaranteed annuity contract. These investments are held within the pension trust funds and are considered diversified by nature.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE D - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 3,830,774	\$ -	\$ -	\$ 3,830,774
Construction in progress	693,835	2,302,331	(251,660)	2,744,506
Total capital assets, not being depreciated	<u>4,524,609</u>	<u>2,302,331</u>	<u>(251,660)</u>	<u>6,575,280</u>
Capital assets, being depreciated:				
Land improvements	3,914,634	131,780	-	4,046,414
Buildings	58,787,301	239,527	-	59,026,828
Vehicles, machinery and equipment	15,703,554	235,912	(8,150)	15,931,316
Infrastructure	60,670,857	3,036,448	-	63,707,305
Total capital assets, being depreciated	<u>139,076,346</u>	<u>3,643,667</u>	<u>(8,150)</u>	<u>142,711,863</u>
Less accumulated depreciation and amortization for:				
Land improvements	2,841,935	108,078	-	2,950,013
Buildings	24,105,164	1,081,955	-	25,187,119
Vehicles, machinery and equipment	11,013,760	873,381	(6,040)	11,881,101
Infrastructure	25,811,813	827,227	-	26,639,040
Total accumulated depreciation and amortization	<u>63,772,672</u>	<u>2,890,641</u>	<u>(6,040)</u>	<u>66,657,273</u>
Total capital assets, being depreciated, net	<u>75,303,674</u>	<u>753,026</u>	<u>(2,110)</u>	<u>76,054,590</u>
Governmental activities capital assets, net	<u>\$ 79,828,283</u>	<u>\$ 3,055,357</u>	<u>\$ (253,770)</u>	<u>\$ 82,629,870</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

<b>Governmental Activities:</b>	
General government	\$ 122,229
Public safety	648,196
Public works	995,506
Culture and recreation	170,770
Education	953,940
Total depreciation and amortization expense - governmental activities	<u>\$ 2,890,641</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE E - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds:</b>		
General Fund	Nonmajor governmental funds	\$ 389,071
	Capital Improvement Fund	5,081
	Internal Service Fund	<u>200,000</u>
		<u>594,152</u>
Nonmajor governmental funds	Capital Improvement Fund	<u>81,757</u>
		<u>\$ 675,909</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE F - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2015 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Water Assessment Fund	\$ 426,604
	Nonmajor governmental funds	<u>82,376</u>
		<u>508,980</u>
Capital Improvement Fund	General Fund	<u>365,000</u>
Nonmajor governmental funds	General Fund	<u>50,000</u>
Total transfers		<u>\$ 923,980</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) use revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE G - SHORT-TERM LIABILITIES**

The following is a summary of changes in short-term debt for the year ended June 30, 2015:

	<u>Due Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>						
Bond anticipation notes	10/2015	1.25%	\$ -	\$ 13,050,000	\$ -	\$ 13,050,000
Bond anticipation notes	10/2014	1.25%	5,365,000	-	(5,365,000)	-
Bond anticipation notes	10/2014	0.50%	4,000,000	-	(4,000,000)	-
			<u>\$ 9,365,000</u>	<u>\$ 13,050,000</u>	<u>\$ (9,365,000)</u>	<u>\$ 13,050,000</u>

The purpose of the bond anticipation notes are to provide interim financing for various ongoing construction projects until future general obligation bonds are issued.

**NOTE H - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	<u>Beginning Balance (Restated per Note A)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 21,290,000	\$ 10,990,000	\$ (6,890,000)	\$ 25,390,000	\$ 2,710,000
Bond anticipation note	6,960,000	-	(6,960,000)	-	-
Unamortized premium	1,002,418	742,934	(86,878)	1,658,474	-
Total bonds payable	<u>29,252,418</u>	<u>11,732,934</u>	<u>(13,936,878)</u>	<u>27,048,474</u>	<u>2,710,000</u>
Other liabilities:					
Notes payable	993,763	-	(166,532)	827,231	168,908
Capital lease obligations	877,882	58,117	(383,025)	552,974	330,562
Heart and Hypertension obligation	1,527,985	-	(410,542)	1,117,443	60,188
Compensated absences	2,954,588	65,488	(117,699)	2,902,377	419,597
Early retirement incentive	8,550	-	(1,425)	7,125	1,425
Net pension liabilities	13,401,024	-	(2,400,857)	11,000,167	-
Net OPEB obligation	6,232,495	1,068,594	-	7,301,089	-
	<u>\$ 55,248,705</u>	<u>\$ 12,925,133</u>	<u>\$ (17,416,958)</u>	<u>\$ 50,756,880</u>	<u>\$ 3,690,680</u>

The above liabilities have typically been liquidated by the General Fund and transfers in from the Water Assessment Fund.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE H - LONG-TERM LIABILITIES (Continued)**

**General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2015 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>					
<b>Bonds Payable</b>					
General Obligation Bonds	03/2002	\$ 800,000	6.25% - 6.5%	06/2022	\$ 175,000
General Obligation Refunding Bonds	11/2004	8,476,680	3.0% - 4.0%	08/2019	2,485,000
General Obligation Refunding Bonds	08/2010	12,785,000	2.0% - 5.0%	08/2021	8,215,000
General Obligation Bonds	08/2010	4,465,000	3.0% - 4.125%	08/2029	3,525,000
General Obligation Bonds	10/2014	6,960,000	2.0% - 4.0%	10/2033	6,960,000
General Obligation Refunding Bonds	01/2015	4,030,000	2.0% - 4.0%	08/2025	4,030,000
					<u>\$ 25,390,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2015:

<u>Year ending</u> <u>June 30:</u>	<u>Governmental Activities</u>		
	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,710,000	\$ 1,070,819	\$ 3,780,819
2017	2,600,000	860,750	3,460,750
2018	2,780,000	757,825	3,537,825
2019	2,750,000	643,788	3,393,788
2020	2,760,000	525,563	3,285,563
2021-2025	6,880,000	1,458,863	8,338,863
2026-2030	3,325,000	550,600	3,875,600
2031	1,585,000	96,975	1,681,975
	<u>\$ 25,390,000</u>	<u>\$ 5,965,183</u>	<u>\$ 31,355,183</u>

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$243,575,339 as of June 30, 2015. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2015.

**Authorized, Unissued Bonds**

As of June 30, 2015, the Town had authorized but unissued bonds totaling \$3,697,315 for various ongoing construction projects.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE H - LONG-TERM LIABILITIES (Continued)**

**General Obligation Bonds (Continued)**

**School Bond Reimbursements**

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. Additional reimbursements of principal and interest aggregating \$3,251,217 and \$340,092, respectively, are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net position. The long-term portion of \$2,616,526 will be realized by the Town through fiscal year 2022.

**Refundings**

On January 27, 2015, the Town issued \$4,030,000 in general obligation bonds with an average interest rate of 3.39% to refund \$4,320,000 of outstanding 2006 general obligation bonds, with an average interest rate of 4.21%. The transaction generated a cash flow savings of \$408,842 and an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$392,048. The reacquisition price exceeded the carrying value of the old debt by \$89,820. This amount is presented as a deferred outflow of resources on the government-wide statement of net position and will be amortized over the life of the debt.

The net proceeds of \$4,409,820 was deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by the United State of America, to provide all future debt service payments on the refunding bonds. The refunded bonds are considered defeased and the liability for the bonds has been removed from the government-wide statement of net position.

**Notes Payable**

The State of Connecticut Department of Environmental Protection has provided Clean Water financing in the form of permanently financed serial notes to the City of Waterbury for sewage treatment plant upgrades under project CWF 201. Pursuant to the provisions of the Waterbury/Wolcott Intermunicipal Agreement regarding the sewage treatment plant upgrade project, the Town is responsible for \$3,089,815 of the total cost, representing 3.475% of the total project cost. The Town will pay its proportionate share of the project cost directly to the State of Connecticut.

A summary of the Town's portion of the clean water notes payable outstanding at June 30, 2015 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>					
Notes Payable					
Clean Water Loan - 201D1	07/1997	\$ 210,610	2.0%	07/2016	\$ 13,024
Clean Water Loan - 201C3	06/2004	2,763,392	2.0%	06/2020	814,207
					<u>\$ 827,231</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE H - LONG-TERM LIABILITIES (Continued)**

**Notes Payable (Continued)**

Annual debt service requirements to maturity on these obligations are as follows as of June 30, 2015:

Year ending June 30:	Governmental Activities		
	Notes Payable		
	Principal	Interest	Total
2016	\$ 168,908	\$ 15,014	\$ 183,922
2017	160,071	11,700	171,771
2018	162,776	8,478	171,254
2019	166,062	5,193	171,255
2020	169,414	1,840	171,254
	<u>\$ 827,231</u>	<u>\$ 42,225</u>	<u>\$ 869,456</u>

**Capital Leases**

A summary of assets acquired through capital leases is as follows as of June 30, 2015:

	Governmental Activities
Machinery and equipment	\$ 1,009,678
Less: accumulated amortization	599,757
	<u>\$ 409,921</u>

Amortization expense relative to leased property under capital leases totaled \$155,128 for the year ended June 30, 2015 and is included in depreciation and amortization expense disclosed in Note D.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 are as follows:

Year ending June 30:	Governmental Activities
2016	\$ 342,022
2017	159,546
2018	67,239
Total minimum lease payments	568,807
Less: amount representing interest	(15,833)
Present value of minimum lease payments	<u>\$ 552,974</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE H - LONG-TERM LIABILITIES (Continued)**

**Heart and Hypertension Obligations**

The Town's estimated liability for heart and hypertension obligations as of June 30, 2015 is \$1,117,443. Currently, one spousal and one direct beneficiary receive weekly benefit payments that are subject to annual COLA adjustments. The total liability decreased in the current year, due to the death of one beneficiary with estimated payouts of \$310,746, in addition to current year benefit payments. The total estimated liability has been established based upon a life expectancy assumption for each individual receiving weekly benefit payments.

**Early Retirement Incentive**

The Board of Education provides early retirement incentive benefits to 1 former employee. This amount consists of payments due to a retired individual for compensated absences and annuity payments and will be paid out in equal payments of \$1,425 annually through fiscal year 2020.

**NOTE I - FUND BALANCE**

The various components of fund balance at June 30, 2015 are as follows:

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Water Assessments Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Inventories	\$ -	\$ -	\$ -	\$ 32,158	\$ 32,158
Restricted for:					
Grant programs	-	-	-	154,653	154,653
Donor restrictions	-	-	-	15,611	15,611
Open space	-	-	-	53,155	53,155
Public safety	-	-	-	6,621	6,621
Committed to:					
General government	-	-	-	229,830	229,830
Public safety	-	-	-	194,850	194,850
Culture and recreation	-	-	-	147,053	147,053
Health and welfare	-	-	-	5,422	5,422
Education	-	-	-	436,048	436,048
Capital outlay	-	-	-	803	803
Water and sewer operations	-	-	-	1,234,701	1,234,701
Debt repayment	-	-	1,489,081	-	1,489,081
Assigned to:					
Education	56,882	-	-	-	56,882
Unassigned	3,755,615	(9,900,626)	-	(199,085)	(6,344,096)
	<u>\$ 3,812,497</u>	<u>\$ (9,900,626)</u>	<u>\$ 1,489,081</u>	<u>\$ 2,311,820</u>	<u>\$ (2,287,228)</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS**

**Defined Benefit Plans**

The Town maintains two single-employer, defined benefit pension plans: the *Town General Pension Plan* and the *Board of Education Pension Plan*. The Plans cover substantially all full time employees except professional personnel at the Board of Education who are covered by the State of Connecticut Teacher's Retirement System. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

**Town General Pension Plan**

**Plan Description**

*Plan administration* - The Town administers a single-employer, contributory defined benefit pension plan (the "Town Plan"). The Town Plan provides retirement and disability benefits for eligible employees. The Town Plan is administered by a Retirement Board composed of selected members.

*Plan membership* - Eligible regular full-time employees of the Town and Police are members of the Town Plan. Eligible employees become members after completion of one year of service. Non-union Town employees are not permitted to participate in the plan after June 30, 2011. At January 1, 2015, the valuation date, Town Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	54
Terminated members entitled to, but not yet receiving benefits	27
Active members	81
	162

*Benefits provided* - The Town Plan provides retirement and disability benefits. The normal retirement age for police officers is either 60 with 20 years of service, age 50 with 25 years of service, or age 65. The normal retirement age for all other employees is 65. Normal retirement benefits consist of yearly annuity. Police officers vest after seven years of service and are fully vested at that time. All other employees will vest in accordance with the following schedule in regards to Town contributions:

Years of Service	Vested Percentage
Less than 3	0%
3	20%
4	40%
5	60%
6	80%
7	100%

For police officers, the benefit is based on 50% of final average earnings less 2.5% for each year of service if less than 20 years plus 2% of final earnings for years of service in excess of 25 years, with a maximum of 30 years of service. Final average salary is defined as average total earnings that are subject to Federal Income Taxes for the five consecutive calendar years in the last ten calendar years that gives the highest average.

For other employees, the benefit is based on 1.8% of final average salary times years of credited service, to a maximum of 30 years. For participants who contribute to the plan, the multiplier is 1.9%. Final average salary is defined as an average of gross wages for the three highest consecutive years out of the last 10 years of service.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Town General Pension Plan (Continued)**

**Plan Description (Continued)**

*Benefits provided (Continued)* - Police officers are eligible for early retirement not more than ten years prior to normal retirement age with at least 15 years of service. Benefits include normal pension benefits reduced by applying actuarial reduction for each year earlier than normal retirement date. For all other employees, the early retirement age is 55 with 15 years of service. Normal pension benefits are reduced by appropriate plan factors for each month younger than normal retirement age.

Disability benefits are available for police officers based on non-service and service disability. Non-service disability includes 50% of salary at point of disability and is available for all police officers who are at least age 50 and have 10 years of services. Service disability for full-time officers who are disabled in the performance of their duties includes 50% of salary reduced by any other compensation from the Town. Payments continue if no employment is available upon the officer's maximum recovery. All other employees age 47 with 10 years of service are eligible for annuity payments calculated in accordance with normal retirement benefits.

*Contributions* - The contribution requirements of plan members are established and may be amended by the Town Council, subject to union contract negotiation. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. Police officers as of October 1, 1996 contribute 2% of W-2 wages. Any officers hired after October 1, 1996 contribute 5% of W-2 wages. Employee contributions are 1.5% for members of UPSEU Local 424, Unit 58 and Local 1303-63 of Council 4 AFSCME, AFL-CIO. All other employees are not required to make contributions to the Town Plan.

**Summary of Significant Accounting Policies**

*Investments* - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

*Investment policy* - The Town Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town Council. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Town 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.

*Concentrations* - The Town Plan's investments consist solely of investments in various mutual funds and are therefore not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

*Rate of return* - For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Town General Pension Plan (Continued)**

**Net Pension Liability of the Town Plan**

The components of the net pension liability of the Town Plan at June 30, 2015, were as follows:

Total pension liability	\$ 26,835,610
Plan fiduciary net position	17,792,617
Town's net pension liability - Town Plan	<u>\$ 9,042,993</u>
Plan fiduciary net position as a percentage of the total pension liability	66.3%

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2015, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2014	\$ 27,154,977	\$ 16,569,243	\$ 10,585,734
<b>Changes for the year:</b>			
Service cost	745,140	-	745,140
Interest	1,974,211	-	1,974,211
Actuarial (gains) losses	(2,013,812)	-	(2,013,812)
Contributions - employer	-	1,058,150	(1,058,150)
Contributions - employee	-	107,189	(107,189)
Net investment income	-	1,185,216	(1,185,216)
Benefit payments, including refunds	(1,024,906)	(1,024,906)	-
Administrative expense	-	(102,275)	102,275
<b>Net changes</b>	<u>(319,367)</u>	<u>1,223,374</u>	<u>(1,542,741)</u>
Balance as of June 30, 2015	<u>\$ 26,835,610</u>	<u>\$ 17,792,617</u>	<u>\$ 9,042,993</u>

*Actuarial assumptions* - The total pension liability for the Town Plan was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	Varies with age and position
Investment rate of return	8.00%
Discount rate	8.00%

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J – EMPLOYEE RETIREMENT PLANS (Continued)**

**Town General Pension Plan (Continued)**

**Net Pension Liability of the Town Plan (Continued)**

The long-term expected rate of return on the Town Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Town Plan's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities - domestic	75%	6.70%
Core fixed income	16%	1.60%
High-yield fixed income	4%	4.45%
Cash	5%	1.00%

*Discount rate* - The discount rate used to measure the total pension liability of the Town Plan was 8.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Town Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate* - The following presents the net pension liability of the Town Plan, calculated using the discount rate of 8.00% as well as what the Town Plan's 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 (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Town Plan's net pension liability as of June 30, 2015	\$ 12,199,215	\$ 9,042,993	\$ 6,366,506

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Town General Pension Plan (Continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2015, the Town recognized pension expense related to the Town Plan of \$1,049,488. At June 30, 2015, the Town reported deferred outflows and inflows of resources related to the Town Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 35,183	\$ -
Changes of assumptions and demographics	-	1,569,262
Total	<u>\$ 35,183</u>	<u>\$ 1,569,262</u>

Amounts reported as deferred inflows of resources related to the Town Plan will be recognized as a component of pension expense in future years as follows:

Year ended June 30,	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 8,796	444,550
2017	8,796	444,550
2018	8,796	444,550
2019	8,795	235,612
	<u>\$ 35,183</u>	<u>\$ 1,569,262</u>

**Payable to the Town Plan**

The Town has reported a liability of \$107,189 payable to the Town Plan as of June 30, 2015 for the outstanding amount of contributions to the Town Plan required for the year ended June 30, 2015.

**Board of Education Pension Plan**

**Plan Description**

*Plan administration* - The Town of Wolcott Board of Education administers the Retirement Plan for the full-time employees of the Town of Wolcott Board of Education Pension Plan – a single-employer, contributory, defined benefit pension plan (the “Board of Education Plan”). The Plan provides retirement, disability, and survivorship benefits for eligible employees of the Board. The Plan is administered by a Retirement Board composed of selected members.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Board of Education Pension Plan (Continued)**

**Plan Description (Continued)**

*Plan membership* - Eligible regular full-time employees of the Board of Education are members of the Board Education Plan. Eligible employees become members after completion of one year of service. At September 1, 2014, the valuation date, Pension Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	77
Terminated members entitled to, but not yet receiving benefits	23
Active members	94
	<hr/>
	194
	<hr/>

*Benefits provided* - The Board of Education Plan provides retirement, disability, and death benefits. The normal retirement age for the custodial group is either 62 with 30 years of service, or age 65 with 5 years of service. The normal retirement age for the non-custodial group (secretaries, nurses and cafeteria workers) is 62 with 5 years of service. The normal retirement age for the business manager is 60 with 22 years of service. The secretarial group is fully vested after ten years of service and all other employees vest after five years of service, and are fully vested at that time. Normal retirement benefits consist of yearly annuity.

For all employees, the benefit is based on 50% of final average salary. Final average salary is defined as the highest five-year average within the last 10 years. The benefit is reduced by 1/20 for every year of service less than 20.

All participants are eligible for early retirement not more than ten years prior to normal retirement age with at least 15 years of service. Benefits include normal pension benefits reduced by applying actuarial reduction for each year earlier than normal retirement date. In addition, disability benefits are available for all participants. Disability benefits are available for employees at least 45 years of age with 8 years of completed service. Payments consist of the employees accrued benefit to date of the disability and are payable immediately.

*Contributions* - The contribution requirements are established and may be amended by the Board of Education Superintendent or his/her designee, subject to union contract negotiation. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Currently, the plan members do not contribute.

**Summary of Significant Accounting Policies**

*Investments* - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

*Investment policy* - The Board of Education Plan's policy in regard to the allocation of invested assets is established and may be amended by the Superintendent and Board of Education. It is the policy of the Board of Education to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

*Concentrations* - The Board of Education Plan's investments consist solely of investments in a guaranteed annuity contract and are therefore not exposed to concentrations of credit risk, as this investment is considered to be diversified by nature.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Board of Education Pension Plan (Continued)**

**Summary of Significant Accounting Policies (Continued)**

*Rate of return* - For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability of the Board of Education Plan**

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

Total pension liability	\$ 13,975,003
Plan fiduciary net position	12,017,829
Town's net pension liability	<u>\$ 1,957,174</u>
Plan fiduciary net position as a percentage of the total pension liability	86.0%

The components of the change in the net pension liability of the Board of Education Plan for the year ended June 30, 2015, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2014	\$ 13,599,692	\$ 10,784,402	\$ 2,815,290
<b>Changes for the year:</b>			
Service cost	278,025	-	278,025
Interest	992,977	-	992,977
Actuarial (gains) losses	(684,393)	-	(684,393)
Change of assumptions	508,697	-	508,697
Contributions - employer	-	1,226,677	(1,226,677)
Net investment income	-	788,429	(788,429)
Benefit payments, including refunds	(719,995)	(719,995)	-
Administrative expense	-	(61,684)	61,684
<b>Net changes</b>	<u>375,311</u>	<u>1,233,427</u>	<u>(858,116)</u>
Balance as of June 30, 2015	<u>\$ 13,975,003</u>	<u>\$ 12,017,829</u>	<u>\$ 1,957,174</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Board of Education Pension Plan (Continued)**

**Net Pension Liability of the Board of Education Plan (Continued)**

*Actuarial assumptions* - The total pension liability for the Board of Education Plan was determined by an actuarial valuation as of September 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	4.00%
Investment rate of return	7.50%
Discount rate	7.50%

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	60%	6.70%
Fixed Income	40%	1.60%

*Discount rate* - The discount rate used to measure the total Board of Education pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Board of Education contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Board of Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Board of Education Pension Plan (Continued)**

**Net Pension Liability of the Board of Education Plan (Continued)**

*Sensitivity of the net pension liability to changes in the discount rate* - The following presents the net pension liability of the Board of Education Plan, calculated using the discount rate of 7.50% as well as what the Board of Education Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1- percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
BOE Plan's net pension liability as of June 30, 2015	\$ 3,376,692	\$ 1,957,174	\$ 744,465

**Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2015, the Town recognized pension expense related to the Board of Education Plan of \$460,359. At June 30, 2015, the Town reported deferred inflows of resources related to the Board of Education Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 381,363	\$ -
Changes of assumptions and demographics	-	473,161
Total	\$ 381,363	\$ 473,161

Amounts reported as deferred outflows and inflows of resources related to the Board of Education Plan will be recognized as a component of pension expense in future years as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30,		
2016	\$ 164,423	211,232
2017	164,423	211,232
2018	45,100	50,697
2019	7,417	-
	\$ 381,363	\$ 473,161

**Payable to the Board of Education Plan**

The Town has reported a liability of \$1,500 payable to the Board of Education Plan as of June 30, 2015 for the outstanding amount of contributions to the Board of Education Plan required for the year ended June 30, 2015.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Money Purchase Defined Contribution Pension Plan**

Effective July 1, 2011, the Town established a defined contribution pension plan to recognize the contributions made to the successful operation of the Town by its employees and to reward such contributions by providing retirement benefits to eligible participants under this plan. The Trustee of the plan is VOYA Retirement and Insurance and Annuity Company with the Town serving as the plan administrator. The plan operates on a calendar year. Employees who are 18 years of age and have 1,000 hours of service to the Town shall become participants under the plan. Employees who are eligible under the Town's defined benefit pension plan are excluded from participation in this plan. The Town contributes 6% of the employee's salary to the plan. Employees are obligated to make mandatory contributions of 3%, with a maximum of 10%, of aggregate compensation. Town and employee contributions for the fiscal year 2015 were \$33,376 and \$16,688, respectively. Employees will be 100% vested in mandatory participant contributions. Participants will vest in accordance with the following schedule in regards to Town contributions:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6	100%

In addition, participants become 100% vested in their Town contribution account upon retirement, death, or becoming totally and permanently disabled. Normal retirement age under the plan is 62.

Changes to the plan must be approved by resolution of the Town Council except for plan changes necessary to comply with changes to Code, Regulation, Revenue Ruling, and other Internal Revenue Service published statements. The Town has authorized Pullman and Comley, LLP, to make such changes.

**Teachers' Retirement System**

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. For the year ended June 30, 2015, plan members of the Town contributed \$1,173,442 to the plan and covered payroll for the year was \$16,185,407.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Teachers' Retirement System (Continued)**

The Town has recognized on-behalf payments of \$4,143,464 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2014 was \$10.141 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$43.1 million or approximately 0.425% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined.

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0%
Salary increases	3.75% - 7.0% (includes inflation)
Investment rate of return	8.5% (includes inflation)
Cost of living adjustments:	
Retirements prior to 9/1/1992	3.0%
Retirements on or after 9/1/1992	2.0%

For healthy retirees and beneficiaries, the RP-2000 Combined Mortality Table projected forward 19 years using scale AA, with a two-year setback for males and females.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.0%	7.30%
Developed Non-U.S. Equities	18.0%	7.50%
Emerging Markets (Non-U.S.)	9.0%	8.60%
Core Fixed Income	7.0%	1.70%
Inflation Linked Bonds	3.0%	1.30%
Emerging Market Bonds	5.0%	4.80%
High Yield Bonds	5.0%	3.70%
Real Estate	7.0%	5.90%
Private Equity	11.0%	10.90%
Alternative Investment	8.0%	0.70%
Liquidity Fund	6.0%	0.40%

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Teachers' Retirement System (Continued)**

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.50%, 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 (7.50%) or 1-percentage-point higher (9.50%) than the current rate:

	1% Decrease (7.50%)	Current Discount (8.50%)	1% Increase (9.50%)
Town proportionate share of the net pension liability	\$55.1 million	\$43.1 million	\$33.0 million

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

**NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Plan Descriptions**

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees, spouses and beneficiaries. The other postemployment benefit program (OPEB) covers Town and Board of Education retired employees. The plan provides for medical, prescription drugs and dental benefits. All retired program members receiving benefits are required to contribute except for Medicare retirees in the Town Hall/Dispatchers union hired prior to July 1, 2005, and the Secretaries, Custodian and Teacher unions. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town's various bargaining agreements. The Town does not issue a separate stand alone financial statement for this program.

At July 1, 2014, plan membership consisted of the following:

Current retirees, beneficiaries, and dependents	197
Current active participants	401
	598

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Funding Policy**

The Town funding and payment of postemployment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The Town's funding strategy for postemployment obligations are based upon characteristics of benefits on 10 distinct groups of employees established within their respective collective bargaining units and/or contracts. Full-time employees of the Town or Board of Education who retire from the Town are eligible if they meet the following criteria:

**Town of Wolcott**

- Town Hall/Dispatchers/Non-Union: Age 62 with 15 years of service
- Non-Union Town Administrators: Age 62 with 15 years of service
- Highway - hired prior to July 1, 2004: Age 60 with 15 years of service;
- Highway - hired after July 1, 2004: Age 60 with 18 years of service
- Police: The earlier of the following:
  - Age 50 with 25 years of service
  - Age 60 with 20 years of service
  - Age 65

**Board of Education**

- Administrators - hired prior to July 1, 2002: 12 years of service
- Administrators - hired after July 1, 2002: 15 years of service
- CILU Secretaries and Nurses: 15 years of service
- Custodians: Age 55 with 15 years of service
- Teachers: Age 57 (the eligibility for teachers is an estimate based upon the State of Connecticut's eligibility of 35 years as a teacher assuming employment begins at an estimated age of 22, a teacher becomes eligible 35 years later, or age 57)

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB cost is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

Annual required contribution	\$ 1,953,186
Interest on net OPEB obligation	249,300
Adjustment to annual required contribution	<u>(408,770)</u>
Annual OPEB cost (expense)	1,793,716
Contributions made	<u>725,122</u>
Increase in net OPEB obligation	1,068,594
Net OPEB obligation, beginning of year	<u>6,232,495</u>
Net OPEB obligation, end of year	<u><u>\$ 7,301,089</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the years ended June 30, 2013 through 2015 is as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 1,778,265	42.4%	\$ 5,085,586
2014	1,827,466	37.2%	6,232,495
2015	1,793,716	40.4%	7,301,089

**Funded Status and Funding Progress**

The funded status of both plans as of the date of the most recent actuarial valuations was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Actuarial Cost Method (B)	(Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 19,045,930	\$ (19,045,930)	0.0%	\$23,838,631	79.9%

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Funded Status and Funding Progress (Continued)**

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2014
Actuarial cost method:	Unit Credit
Amortization method:	30-year Amortization Closed
Remaining amortization period:	24 years as of July 1, 2014
Asset valuation method:	N/A
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	4.00%
Healthcare cost trend rate - Nonmedicare	7.50% for 2014-2015 graded to 5.00% over five years
Healthcare cost trend rate	6.50% for 2014-2015 graded to 5.00% over three years
Drug cost trend rate	8.50% for 2014-2015 graded to 5.00% over seven years
Dental cost trend rate	5.00%

**NOTE L - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. During 2015, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE L - RISK MANAGEMENT (Continued)**

The Internal Service Fund was established on July 1, 1996 to provide health coverage for Town and Board of Education employees previously covered by insured hospital and major medical insurance. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$200,000 for combined hospital and major medical.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2015. Claims liabilities are recorded in accordance with GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

A summary of claims activity for the years ended June 30, 2014 and 2015 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2014	\$ 428,814	\$ 6,476,696	\$ 6,443,403	\$ 462,107
2015	462,107	6,520,281	6,496,629	485,759

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

**NOTE M - COMMITMENTS AND CONTINGENCIES**

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

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 terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

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

As of June 30, 2015, the Town has recorded \$56,882 in encumbrances. Such encumbrances have been included in assigned fund balance in the accompanying balance sheet of governmental funds as of June 30, 2015.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE M - COMMITMENTS AND CONTINGENCIES (Continued)**

**Inter-municipal Agreements and Commitments**

**Bristol Resource Recovery Facility Operating Committee**

The Town is a participant with thirteen (13) other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an intercommunity agreement to exercise certain rights on behalf of contracting municipalities in dealing with the trash-to-energy plant built by Ogden Martin Systems of Bristol, Inc., now known as Covanta Bristol, Inc. (Covanta) in Bristol, Connecticut. The governing board consists of city officials appointed by each of the participating municipalities and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town expenditures to BRRFOC amounted to \$409,017 in the current fiscal year.

As reflected in BRRFOC's financial statements as of June 30, 2014, the most recent audited statements available, unrestricted net position totaled \$10.1 million and the unassigned fund balance totaled \$7.5 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

In April 2005, BRRFOC issued \$41,920,000 in Solid Waste Revenue Refunding Bonds with interest rates varying from 3.0% to 5.0% to currently refund \$46,670,000 of outstanding special obligation bonds of the Connecticut Development Authority. The proceeds from the original bonds were loaned by the Authority to Covanta. Under the Service Agreement, the service fee is an obligation of the Contracting Municipalities to which each has pledged its full faith and credit. These bonds have been defeased.

**NOTE N - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE**

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for a) determining a fair value measurement for financial reporting purposes and b) applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of GASB Statement No. 68. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68 are effective for the Town's reporting period beginning July 1, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for the Town's reporting period beginning July 1, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement No. 67, or for pensions that are within the scope of GASB Statement No. 68, are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE N - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE (Continued)**

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial 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 Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for state and local governments and supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

**NOTE O - SUBSEQUENT EVENTS**

In October 2015, the Town issued \$16,595,000 of general obligation bond anticipation notes which were used to retire the previously outstanding notes. These notes bear interest rates ranging from 1.63% to 2.00% and mature in October 2016.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)**  
**TOWN GENERAL PENSION PLAN**  
**JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ 745,140	\$ 774,852
Interest	1,974,211	1,888,726
Changes in benefit terms	-	-
Differences between expected and actual experience	(1,339,217)	-
Changes of assumptions	(674,595)	(1,497,403)
Benefit payments, including refunds	(1,024,906)	(981,367)
Net change in total pension liability	<u>(319,367)</u>	<u>184,808</u>
Total pension liability - beginning	<u>27,154,977</u>	<u>26,970,169</u>
Total pension liability - ending	<u>26,835,610</u>	<u>27,154,977</u>
 <b>Plan fiduciary net position</b>		
Contributions - employer	1,058,150	1,025,000
Contributions - members	107,189	92,812
Net investment income	1,185,216	2,814,892
Benefit payments, including refunds	(1,024,906)	(981,367)
Administrative expense	(102,275)	(121,809)
Net change in plan fiduciary net position	<u>1,223,374</u>	<u>2,829,528</u>
Plan fiduciary net position - beginning	<u>16,569,243</u>	<u>13,739,715</u>
Plan fiduciary net position - ending	<u>17,792,617</u>	<u>16,569,243</u>
 <b>Town's net pension liability</b>	 <u>\$ 9,042,993</u>	 <u>\$ 10,585,734</u>
 <b>Plan fiduciary net position as a percentage of total pension liability</b>	 66.30%	 61.02%
 <b>Covered employee payroll</b>	 \$ 5,635,836	 \$ 5,408,348
 <b>Town's net pension liability as a percentage of covered employee payroll</b>	 160.46%	 195.73%

**Notes to Schedule:**

**Benefit Changes**      None noted

**Assumption Changes**   None noted

**Note:**                      The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)**  
**TOWN GENERAL PENSION PLAN**  
**JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,058,150	\$ 1,022,367
Contributions in relation to the actuarially determined contribution	<u>1,058,150</u>	<u>1,025,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (2,633)</u>
Covered employee payroll	\$ 5,635,836	\$ 5,408,348
Contributions as a percentage of covered employee payroll	18.78%	18.95%
Annual money-weighted rate of return, net of investment expense	7.18%	20.98%

**Notes to Schedule:**

**Valuation Date** January 1, 2015

Actuarially determined contribution rates are calculated as of December 31, prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

<b>Actuarial cost method</b>	Entry Age Normal Cost Method
<b>Amortization method</b>	Level percent of payroll
<b>Remaining amortization period</b>	24 years remaining as of valuation date
<b>Asset valuation method</b>	Market value of assets less unrecognized returns in each of the last five years
<b>Inflation</b>	3.50%
<b>Investment rate of return</b>	8.00%
<b>Salary increases</b>	Varies from 0.00% to 11.40%
<b>Retirement age</b>	Age 65 for Town Employees. Normal retirement age for Police Employees
<b>Mortality</b>	
Healthy:	RP-2000 Combined Healthy Mortality Table Projected 14 years with Scale AA
Disabled:	RP-2000 Disabled Retiree Mortality Table Projected 14 years with Scale AA

**Note:** The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)**  
**BOARD OF EDUCATION PENSION PLAN**  
**JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ 278,025	\$ 299,308
Interest	992,977	947,559
Changes in benefit terms	-	-
Differences between expected and actual experience	(684,393)	-
Changes of assumptions	508,697	353,104
Benefit payments, including refunds	<u>(719,995)</u>	<u>(670,184)</u>
Net change in total pension liability	375,311	929,787
Total pension liability - beginning	<u>13,599,692</u>	<u>12,669,905</u>
Total pension liability - ending	<u>13,975,003</u>	<u>13,599,692</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	1,226,677	557,457
Net investment income	788,429	1,458,383
Benefit payments, including refunds	(719,995)	(670,184)
Administrative expense	<u>(61,684)</u>	<u>(57,505)</u>
Net change in plan fiduciary net position	1,233,427	1,288,151
Plan fiduciary net position - beginning	<u>10,784,402</u>	<u>9,496,251</u>
Plan fiduciary net position - ending	<u>12,017,829</u>	<u>10,784,402</u>
<b>Town's net pension liability</b>	<u>\$ 1,957,174</u>	<u>\$ 2,815,290</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	86.00%	79.30%
<b>Covered employee payroll</b>	\$ 2,984,471	\$ 3,196,222
<b>Town's net pension liability as a percentage of covered employee payroll</b>	65.58%	88.08%

**Notes to Schedule:**

**Benefit Changes**      None noted

**Assumption Changes**    None noted

**Note:**                    The Town began to report the schedule of changes in net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)**  
**BOARD OF EDUCATION PENSION PLAN**  
**JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 642,343	\$ 570,934
Contributions in relation to the actuarially determined contribution	<u>655,743</u>	<u>544,934</u>
Contribution deficiency (excess)	<u>\$ (13,400)</u>	<u>\$ 26,000</u>
Covered employee payroll	\$ 2,984,471	\$ 3,196,222
Contributions as a percentage of covered employee payroll	21.97%	17.05%
Annual money-weighted rate of return, net of investment expense	7.18%	15.11%

**Notes to Schedule:**

**Valuation Date** September 1, 2014

Actuarially determined contribution rates are calculated as of December 31, prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

<b>Actuarial cost method</b>	Entry Age Normal Cost Method
<b>Amortization method</b>	Level dollar amount, closed
<b>Remaining amortization period</b>	20 years as of September 1, 2014
<b>Asset valuation method</b>	Market value of assets less unrecognized returns in each of the last five years.
<b>Inflation</b>	3.00%
<b>Investment rate of return</b>	7.50%
<b>Salary increases</b>	4.00%
<b>Retirement age</b>	Age 62 with 5 years of service for Non-Custodial Group Age 60 with 30 years of service or age 65 with 5 years of service for Custodial
<b>Mortality</b>	RP2000 Combined Healthy Mortality Table Projected 14 years with scale AA

**Note:** The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY (UNAUDITED)**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**  
(Dollar amounts in thousands)

	<b>2015</b>
Town's proportion of the net pension liability	0.425%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	43,148
<b>Total</b>	<b>\$ 43,148</b>
Town's covered payroll	\$ 16,185
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

**Notes to Schedule:**

<b>Valuation Date</b>	June 30, 2014
<b>Measurement Date</b>	June 30, 2014
<b>Reporting Date</b>	June 30, 2015

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	22.4 years
Asset valuation method	4 year smoothed market
Investment rate of return	8.50%
Salary increases	3.75% - 7.00%, including inflation
Inflation	3.00%

**Note:** The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULES OF FUNDING PROGRESS (UNAUDITED)**  
**JUNE 30, 2015**

<b>Other Post-Employment Benefits Program</b>						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2008	\$ -	\$ 18,646,344	\$ 18,646,344	0.0%	\$ 25,203,401	74.0%
July 1, 2010	-	21,462,037	21,462,037	0.0%	21,419,478	100.2%
July 1, 2012	-	20,645,315	20,645,315	0.0%	24,373,895	84.7%
July 1, 2014	-	19,045,930	19,045,930	0.0%	23,838,631	79.9%

*See accompanying Independent Auditor's Report.*

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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**GENERAL FUND**

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**TOWN OF WOLCOTT, CONNECTICUT**  
**COMPARATIVE BALANCE SHEETS**  
**GENERAL FUND**  
**JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,755,088	\$ 3,917,444
Investments	490,000	-
Receivables:		
Property taxes and interest, net	1,201,648	1,009,309
Grants and contracts	3,456,653	4,004,482
Other	128,418	183,620
Due from other funds	594,152	297,279
Total assets	<u>\$ 9,625,959</u>	<u>\$ 9,412,134</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,510,821	\$ 1,068,926
Unearned revenue	22,272	22,479
Total liabilities	<u>1,533,093</u>	<u>1,091,405</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue:		
Property taxes and interest	1,029,152	878,316
Grants and contracts	3,251,217	3,890,014
Total deferred inflows of resources	<u>4,280,369</u>	<u>4,768,330</u>
<b>FUND BALANCES</b>		
Assigned	56,882	102,984
Unassigned	3,755,615	3,449,415
Total fund balances	<u>3,812,497</u>	<u>3,552,399</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 9,625,959</u>	<u>\$ 9,412,134</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>PROPERTY TAXES</b>				
Current levy	\$ 33,850,740	\$ 33,850,740	\$ 33,965,178	\$ 114,438
Prior year levies	500,000	500,000	473,280	(26,720)
Interest and lien fees	205,000	205,000	259,730	54,730
Credit card collections	11,000	11,000	7,281	(3,719)
Total property taxes	<u>34,566,740</u>	<u>34,566,740</u>	<u>34,705,469</u>	<u>138,729</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
Education equalization grant	13,696,541	13,696,541	13,682,019	(14,522)
School bonded projects - principal	638,796	638,796	638,645	(151)
School bonded projects - interest	126,561	126,561	126,561	-
Town aid road grant	301,987	301,987	302,219	232
Municipal aid adjustment grant	220,938	220,938	220,938	-
Elderly tax relief - circuit breaker	159,043	159,043	157,101	(1,942)
Transportation	142,808	142,808	130,857	(11,951)
Local capital improvements grant	114,583	114,583	113,344	(1,239)
Pequot grant	69,544	69,544	70,260	716
Medicare reimbursement	30,000	30,000	79,839	49,839
Veterans tax relief	24,984	24,984	20,180	(4,804)
Regional Water Authority - PILOT Program	8,387	8,387	8,797	410
Adult education	4,046	4,046	4,019	(27)
Totally disabled tax relief	2,910	2,910	2,644	(266)
Payment in lieu of taxes: state-owned property	1,764	1,764	2,136	372
Civil preparedness grant	2,400	2,400	-	(2,400)
Total intergovernmental revenues	<u>15,545,292</u>	<u>15,545,292</u>	<u>15,559,559</u>	<u>14,267</u>
<b>CHARGES FOR SERVICES</b>				
Special education - tuition	50,000	50,000	66,080	16,080
Commercial refuse hauler	102,012	102,012	-	(102,012)
Records money	1,200	1,200	959	(241)
Ambulance service fees	90,000	90,000	30,000	(60,000)
Tuition	15,000	15,000	11,962	(3,038)
Parks and recreation	17,000	17,000	16,327	(673)
Zoning board of appeals	1,000	1,000	270	(730)
Rainbow day camp fees	800	800	150	(650)
Solicitor and vendor permits	100	100	245	145
Inland wetlands permits	1,800	1,800	715	(1,085)
Outside activities	5,250	5,250	2,208	(3,042)
Parking tickets	250	250	165	(85)
In-kind services	12,000	12,000	12,000	-
Total charges for services	<u>296,412</u>	<u>296,412</u>	<u>141,081</u>	<u>(155,331)</u>

*(Continued)*

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>LICENSES AND PERMITS</b>				
Town clerk	\$ 200,000	\$ 200,000	\$ 221,649	\$ 21,649
Planning and zoning	15,000	15,000	15,595	595
Building permits	85,000	85,000	131,616	46,616
Recycling permits	17,000	17,000	25,678	8,678
Blasting permits	500	500	360	(140)
Police department permits	3,800	3,800	11,750	7,950
Total licenses and permits	<u>321,300</u>	<u>321,300</u>	<u>406,648</u>	<u>85,348</u>
<b>INTEREST INCOME</b>	<u>4,000</u>	<u>4,000</u>	<u>5,155</u>	<u>1,155</u>
<b>OTHER REVENUES</b>				
Library fines	12,000	12,000	11,361	(639)
False alarm fines	2,000	2,000	225	(1,775)
Vital statistics	125	125	56	(69)
Telephone access grant	34,000	34,000	31,808	(2,192)
Agency collection fees	17,000	17,000	-	(17,000)
Pavilion	1,500	1,500	3,250	1,750
Unanticipated revenues	165,000	165,000	260,411	95,411
Total other revenues	<u>231,625</u>	<u>231,625</u>	<u>307,111</u>	<u>75,486</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
Water Assessment Fund	426,604	426,604	426,604	-
Farmingbury Golf Course	82,376	82,376	82,376	-
Total other financing sources	<u>508,980</u>	<u>508,980</u>	<u>508,980</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 51,474,349</u>	<u>\$ 51,474,349</u>	<u>\$ 51,634,003</u>	<u>\$ 159,654</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>GENERAL GOVERNMENT</b>				
Mayor's office	\$ 212,570	\$ 212,570	\$ 211,874	\$ (696)
Treasurer's office	123,458	125,820	120,692	(5,128)
Finance office	273,291	273,856	273,806	(50)
Town council	72,385	72,385	72,068	(317)
Town clerk	177,096	175,761	173,475	(2,286)
Tax collector	203,246	187,546	182,580	(4,966)
Assessor	319,835	317,395	315,407	(1,988)
Board of tax review	5,630	2,114	1,839	(275)
Building inspector	68,182	68,182	66,543	(1,639)
Planning and zoning	88,750	89,348	89,312	(36)
Inland/Wetlands conservation	9,600	8,700	3,528	(5,172)
Industrial development	2,800	2,800	1,865	(935)
Zoning board of appeals	3,550	3,250	1,768	(1,482)
Registrar of voters	79,475	71,175	69,048	(2,127)
Other general government:				
Wages	242,145	255,168	255,168	-
Benefits and insurance	2,326,413	2,330,998	2,330,952	(46)
Legal and consulting	112,000	141,400	141,400	-
Tri-town health district	127,939	127,939	127,939	-
Refuse and recycling	1,505,500	1,475,167	1,454,070	(21,097)
Liability insurance	58,450	58,450	58,450	-
Street lighting	95,000	103,103	103,103	-
Other	353,029	314,640	306,309	(8,331)
Total general government	<u>6,460,344</u>	<u>6,417,767</u>	<u>6,361,196</u>	<u>(56,571)</u>
<b>PUBLIC SAFETY</b>				
Police department	3,509,021	3,480,271	3,479,504	(767)
Public safety communications	405,987	403,791	398,763	(5,028)
Animal control officer	59,629	59,629	57,948	(1,681)
Public safety buildings	102,053	100,749	100,748	(1)
Fire department	582,760	582,760	578,048	(4,712)
Fire marshal	46,535	44,035	41,822	(2,213)
Civil preparedness	24,492	24,492	14,682	(9,810)
Emergency planning commission	29,598	29,598	25,221	(4,377)
Volunteer ambulance	454,869	454,869	453,982	(887)
Total public safety	<u>5,214,944</u>	<u>5,180,194</u>	<u>5,150,718</u>	<u>(29,476)</u>

*(Continued)*

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>PUBLIC WORKS</b>				
Highways and streets	\$ 2,162,118	\$ 2,244,177	\$ 2,218,677	\$ (25,500)
<b>CULTURE AND RECREATION</b>				
Parks and recreation	187,015	186,505	182,540	(3,965)
Library	533,030	522,803	507,360	(15,443)
Total culture and recreation	<u>720,045</u>	<u>709,308</u>	<u>689,900</u>	<u>(19,408)</u>
<b>HEALTH AND WELFARE</b>				
Commission on aging	146,298	152,303	150,545	(1,758)
Commission for special needs	41,913	41,913	38,450	(3,463)
Total health and welfare	<u>188,211</u>	<u>194,216</u>	<u>188,995</u>	<u>(5,221)</u>
<b>BOARD OF EDUCATION</b>	<u>32,779,867</u>	<u>32,779,867</u>	<u>32,779,441</u>	<u>(426)</u>
<b>DEBT SERVICE</b>				
Principal	2,570,000	2,570,000	2,570,000	-
Interest	852,279	852,279	852,280	1
BAN payments	365,000	365,000	365,000	-
Capital leases	161,541	161,541	151,596	(9,945)
Total debt service	<u>3,948,820</u>	<u>3,948,820</u>	<u>3,938,876</u>	<u>(9,944)</u>
Total expenditures	<u>\$ 51,474,349</u>	<u>\$ 51,474,349</u>	<u>\$ 51,327,803</u>	<u>\$ (146,546)</u>

See accompanying Independent Auditor's Report.

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

Grand List Year	Balance Uncollected June 30, 2014	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Taxes	Collections		Balance Uncollected June 30, 2015
			Additions	Deductions				Interest, Liens and Fees	Total	
2013	\$ -	\$ 34,601,175	\$ 31,456	\$ 67,049	\$ 9,798	\$ 34,555,784	\$ 33,920,371	\$ 113,078	\$ 34,033,449	\$ 635,413
2012	573,328	-	1,492	8,249	8,574	557,997	326,921	78,210	405,131	231,076
2011	204,793	-	63	2,211	10,571	192,074	93,785	30,260	124,045	98,289
2010	66,764	-	-	758	11,735	54,271	21,000	16,715	37,715	33,271
2009	38,274	-	-	226	7,807	30,241	6,404	4,820	11,224	23,837
2008	17,640	-	-	-	3,166	14,474	2,957	12,151	15,108	11,517
2007	5,295	-	-	-	1,604	3,691	71	3,903	3,974	3,620
2006	1,758	-	-	-	386	1,372	-	1,082	1,082	1,372
2005	1,934	-	-	-	875	1,059	-	1,931	1,931	1,059
2004	1,054	-	-	-	-	1,054	-	1,825	1,825	1,054
2003	1,027	-	-	-	-	1,027	-	1,009	1,009	1,027
2002	1,019	-	-	-	-	1,019	-	558	558	1,019
2001	861	-	109	-	-	970	-	1,288	1,288	970
2000	965	-	-	-	-	965	-	652	652	965
1999	182	-	-	-	-	182	-	385	385	182
	<u>\$ 914,894</u>	<u>\$ 34,601,175</u>	<u>\$ 33,120</u>	<u>\$ 78,493</u>	<u>\$ 54,516</u>	<u>\$ 35,416,180</u>	<u>\$ 34,371,509</u>	<u>\$ 267,867</u>	<u>\$ 34,639,376</u>	<u>\$ 1,044,671</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Total cash collections for the year ended						
June 30, 2015:						
Taxes	\$ 34,371,509					
Interest and lien fees	267,867					
Total	34,639,376					
Reimbursement for revenue loss:						
Tax relief for elderly (CGS 12-129d)	157,101					
Base	34,796,477					
	<b>General</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban</b>	<b>Pension</b>	
	<b>Purposes</b>			<b>Renewal</b>	<b>Deficit</b>	
Debt limitation:						
2-1/4 times base	\$ 78,292,073	\$ -	\$ -	\$ -	\$ -	
4-1/2 times base	-	156,584,147	-	-	-	
3-3/4 times base	-	-	130,486,789	-	-	
3-1/4 times base	-	-	-	113,088,550	-	
3 times base	-	-	-	-	104,389,431	
Total debt limitation	78,292,073	156,584,147	130,486,789	113,088,550	104,389,431	
Indebtedness:						
Bonds payable*	10,764,000	10,600,000	-	-	-	
Bond anticipation note payable	11,340,000	1,710,000	-	-	-	
Note payable	-	-	827,231	-	-	
Authorized but unissued bonds	2,833,615	863,700	-	-	-	
Total indebtedness	24,937,615	13,173,700	827,231	-	-	
Less: School construction grants receivable	-	3,251,217	-	-	-	
Net indebtedness	24,937,615	9,922,483	827,231	-	-	
Debt limitation in excess of outstanding and authorized debt	\$ 53,354,458	\$ 146,661,664	\$ 129,659,558	\$ 113,088,550	\$ 104,389,431	
Total capacity of borrowing (7 times base)	\$ 243,575,339					
Total present indebtedness	35,687,329					
Margin for additional borrowing	\$ 207,888,010					

\* In accordance with State Statutes, bonds payable consisting of water bonds totaling \$4,026,000 are excluded from this statement.

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**CAPITAL IMPROVEMENT FUND**

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TOWN OF WOLCOTT, CONNECTICUT  
 PROJECT STATUS SUMMARY  
 CAPITAL IMPROVEMENT FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

	Revenues		Expenditures			Fund Balance June 30, 2015
	Fund Balance June 30, 2014	Bond Proceeds	Other Income	Capital Outlay	Interest and Debt Issuance Costs	
Current Capital Bonding Projects						
Various Capital Projects - Phase III	\$ (4,613,271)	\$ 266,238	\$ 52,839	\$ 224,525	\$ 190,794	\$ 365,000
Various Capital Projects - Phase IV	(106,051)	-	85,121	5,492,196	42,987	-
Total	\$ (4,719,322)	\$ 266,238	\$ 137,960	\$ 5,716,721	\$ 233,781	\$ 365,000
						\$ (9,900,626)

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**NONMAJOR GOVERNMENTAL FUNDS**

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TOWN OF WOLCOTT, CONNECTICUT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

	Nonmajor Special Revenue Funds							
	Farmingbury Hills Country Club Fund	Acquired Facilities Woodtick Recreation Area	Miscellaneous Grants and Programs Fund	Police Department Asset Forfeiture Fund	Police Donations Fund	Sewer Usage Fund	Sewer Assessment Fund	Water Usage Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ 28,357	\$ 104,906	\$ 71,698	\$ 6,621	\$ 4,472	\$ 319,466	\$ 202,393	\$ 292,309
Investments	-	-	-	-	-	245,000	-	100,000
Receivables:								
Grants and contracts	-	-	177,855	-	-	-	-	-
Assessments, net	-	-	-	-	-	-	12,396	-
Usage fees, net	-	-	-	-	-	1,075,447	-	110,973
Other	1,171	-	-	-	-	-	-	149
Due from other funds	-	-	81,757	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ 29,528	\$ 104,906	\$ 331,310	\$ 6,621	\$ 4,472	\$ 1,639,913	\$ 214,789	\$ 503,431
<b>LIABILITIES</b>								
Accounts payable	\$ 3,750	\$ 867	\$ 118,708	-	\$ -	\$ 419,122	\$ -	\$ 248,637
Due to other funds	224,863	3,763	150,501	-	-	8,213	-	1,731
Unearned revenue	-	-	11,915	-	-	-	-	-
Total liabilities	228,613	4,630	281,124	-	-	427,335	-	250,368
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - usage fees	-	-	-	-	-	337,624	-	95,709
Unavailable revenue - assessments	-	-	-	-	-	-	12,396	-
Total deferred inflows of resources	-	-	-	-	-	337,624	12,396	95,709
<b>FUND BALANCES (DEFICIT)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	50,186	6,621	4,472	-	-	-
Committed	-	100,276	-	-	-	874,954	202,393	157,354
Unassigned	(199,085)	-	-	-	-	-	-	-
Total fund balances (deficit)	(199,085)	100,276	50,186	6,621	4,472	874,954	202,393	157,354
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 29,528	\$ 104,906	\$ 331,310	\$ 6,621	\$ 4,472	\$ 1,639,913	\$ 214,789	\$ 503,431

(Continued)

TOWN OF WOLCOTT, CONNECTICUT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 JUNE 30, 2015

	Nonmajor Special Revenue Funds							
	Dog Fund	Education Special Grants and Programs Fund	School Lunch Fund	Peterson Park Fund	Planning and Zoning Fund	Open Space Fund	LOICP Land Preservation Fund	Police Private Duty Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ 10,712	\$ 64,477	\$ 276,038	\$ 4,795	\$ 200,772	\$ 53,155	\$ 91,044	\$ 185,086
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	25,265	48,777	-	-	-	-	-
Assessments, net	-	-	-	-	-	-	-	-
Usage fees, net	-	-	-	-	-	-	-	-
Other	12,171	-	2,985	72	2,300	-	726	12,070
Due from other funds	-	-	-	-	-	-	-	-
Inventories	-	-	32,158	-	-	-	-	-
Total assets	\$ 22,883	\$ 89,742	\$ 359,958	\$ 4,867	\$ 203,072	\$ 53,155	\$ 91,770	\$ 197,156
<b>LIABILITIES</b>								
Accounts payable	\$ 14,106	\$ 44,991	\$ 139	\$ -	\$ -	\$ -	\$ -	\$ 2,306
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue	-	32,054	25,400	-	2,300	-	-	-
Total liabilities	14,106	77,045	25,539	-	2,300	-	-	2,306
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - usage fees	-	-	-	-	-	-	-	-
Unavailable revenue - assessments	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICIT)</b>								
Nonspendable	-	-	32,158	-	-	-	-	-
Restricted	8,777	12,697	-	-	-	53,155	91,770	-
Committed	-	-	302,261	4,867	200,772	-	-	194,850
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficit)	8,777	12,697	334,419	4,867	200,772	53,155	91,770	194,850
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 22,883	\$ 89,742	\$ 359,958	\$ 4,867	\$ 203,072	\$ 53,155	\$ 91,770	\$ 197,156

(Continued)

TOWN OF WOLCOTT, CONNECTICUT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Concluded)  
 JUNE 30, 2015

	Nonmajor Special Revenue Funds							Total Nonmajor Governmental Funds
	Insurance Claims Fund	FHCC Monument/Plaque Donation Fund	Senior Center Fund	BOE Summer Studies Fund	BOE Latch Key Program Fund	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund Capital and Nonrecurring Fund	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 33,058	\$ 2,362	\$ 5,422	\$ 41,910	\$ 133,787	\$ 2,132,840	\$ 803	\$ 2,133,643
Investments	-	-	-	-	-	345,000	-	345,000
Receivables:								
Grants and contracts	-	-	-	-	-	251,897	-	251,897
Assessments, net	-	-	-	-	-	12,396	-	12,396
Usage fees, net	-	-	-	-	-	1,186,420	-	1,186,420
Other	-	-	-	-	-	31,644	-	31,644
Due from other funds	-	-	-	-	-	81,757	-	81,757
Inventories	-	-	-	-	-	32,158	-	32,158
Total assets	\$ 33,058	\$ 2,362	\$ 5,422	\$ 41,910	\$ 133,787	\$ 4,074,112	\$ 803	\$ 4,074,915
<b>LIABILITIES</b>								
Accounts payable	\$ 4,000	-	\$ -	-	-	\$ 856,626	-	\$ 856,626
Due to other funds	-	-	-	-	-	389,071	-	389,071
Unearned revenue	-	-	-	-	-	71,669	-	71,669
Total liabilities	4,000	-	-	-	-	1,317,366	-	1,317,366
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - usage fees	-	-	-	-	-	433,333	-	433,333
Unavailable revenue - assessments	-	-	-	-	-	12,396	-	12,396
Total deferred inflows of resources	-	-	-	-	-	445,729	-	445,729
<b>FUND BALANCES (DEFICIT)</b>								
Nonspendable	-	-	-	-	-	32,158	-	32,158
Restricted	-	2,362	-	-	-	230,040	-	230,040
Committed	29,058	-	5,422	41,910	133,787	2,247,904	803	2,248,707
Unassigned	-	-	-	-	-	(199,085)	-	(199,085)
Total fund balances (deficit)	29,058	2,362	5,422	41,910	133,787	2,311,017	803	2,311,820
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 33,058	\$ 2,362	\$ 5,422	\$ 41,910	\$ 133,787	\$ 4,074,112	\$ 803	\$ 4,074,915

(Concluded)

**TOWN OF WOLCOTT, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Nonmajor Special Revenue Funds							
	Farmingbury Hills Country Club Fund	Acquired Facilities Woodtick Recreation Area	Miscellaneous Grants and Programs Fund	Police Department Asset Forfeiture Fund	Police Donations Fund	Sewer Usage Fund	Sewer Assessment Fund	Water Usage Fund
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ 459,093	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	516,226	87,326	-	-	-	908,153	11,496	371,848
Licenses, permits, and other charges	-	-	-	-	-	-	-	-
Interest income	3	-	17	-	-	550	-	149
Other revenue	-	-	2,878	2,814	1,950	-	-	-
<b>Total revenues</b>	<b>516,229</b>	<b>87,326</b>	<b>461,988</b>	<b>2,814</b>	<b>1,950</b>	<b>908,703</b>	<b>11,496</b>	<b>371,997</b>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	43,098	-	-	-	-	-
Public safety	-	-	4,100	-	683	-	-	-
Public works	-	-	28,526	-	-	803,118	-	297,244
Culture and recreation	502,740	85,281	-	-	-	-	-	-
Health and welfare	-	-	25,744	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital outlays	-	-	327,021	-	-	-	-	-
Debt service:								
Principal payments	23,414	-	-	-	-	166,532	-	-
Interest and fiscal charges	1,718	-	-	-	-	18,357	-	-
<b>Total expenditures</b>	<b>527,872</b>	<b>85,281</b>	<b>428,489</b>	<b>-</b>	<b>683</b>	<b>988,007</b>	<b>-</b>	<b>297,244</b>
Excess (deficiency) of revenues over expenditures	(11,643)	2,045	33,499	2,814	1,267	(79,304)	11,496	74,753
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	50,000	-	-	-	-	-	-	-
Transfers out	(82,376)	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(32,376)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(44,019)</b>	<b>2,045</b>	<b>33,499</b>	<b>2,814</b>	<b>1,267</b>	<b>(79,304)</b>	<b>11,496</b>	<b>74,753</b>
<b>Fund balances (deficit) - beginning</b>	<b>(155,066)</b>	<b>98,231</b>	<b>16,687</b>	<b>3,807</b>	<b>3,205</b>	<b>954,258</b>	<b>190,897</b>	<b>82,601</b>
<b>Fund balances (deficit) - ending</b>	<b>(199,085)</b>	<b>\$ 100,276</b>	<b>\$ 50,186</b>	<b>\$ 6,621</b>	<b>\$ 4,472</b>	<b>\$ 874,954</b>	<b>\$ 202,393</b>	<b>\$ 157,354</b>

(Continued)

**TOWN OF WOLCOTT, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Nonmajor Special Revenue Funds							
	Dog Fund	Education Special Grants and Programs Fund	School Lunch Fund	Peterson Park Fund	Planning and Zoning Fund	Open Space Fund	LOICP Land Preservation Fund	Police Private Duty Fund
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ 1,059,801	\$ 360,603	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	26,810	-	721,977	-	-	-	-	147,565
Licenses, permits, and other charges	-	-	-	-	-	-	6,339	-
Interest income	-	-	574	3	-	43	-	-
Other revenue	23,783	5,681	-	379	-	7,000	-	-
Total revenues	50,593	1,065,482	1,083,154	382	-	7,043	6,339	147,565
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	1,932	-
Public safety	-	-	-	-	-	-	-	125,665
Public works	-	-	-	-	-	-	-	-
Culture and recreation	58,846	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Education	-	1,064,763	1,093,022	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Debt service:								
Principal payments	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	58,846	1,064,763	1,093,022	-	-	-	1,932	125,665
Excess (deficiency) of revenues over expenditures	(8,253)	719	(9,868)	382	-	7,043	4,407	21,900
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(8,253)	719	(9,868)	382	-	7,043	4,407	21,900
Fund balances (deficit) - beginning	17,030	11,978	344,287	4,485	200,772	46,112	87,363	172,950
Fund balances (deficit) - ending	\$ 8,777	\$ 12,697	\$ 334,419	\$ 4,867	\$ 200,772	\$ 53,155	\$ 91,770	\$ 194,850

(Continued)

**TOWN OF WOLCOTT, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Nonmajor Special Revenue Funds							Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
	Insurance Claims Fund	FHCC Monument/Plaque Donation Fund	Senior Center Fund	BOE Summer Studies Fund	BOE Latch Key Program Fund	Total Nonmajor Special Revenue Funds	Nonmajor Capital and Nonrecurring Fund		
<b>REVENUES</b>									
Intergovernmental Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,879,497	\$ -	\$ 1,879,497	
Licenses, permits, and other charges	-	-	-	50,424	331,572	3,173,397	-	3,173,397	
Interest income	-	-	-	-	-	6,339	-	6,339	
Other revenue	20,815	200	1,665	11	38	1,388	71	1,459	
Total revenues	<u>20,815</u>	<u>200</u>	<u>1,665</u>	<u>50,435</u>	<u>331,610</u>	<u>5,127,786</u>	<u>71</u>	<u>5,127,857</u>	
<b>EXPENDITURES</b>									
Current:									
General government	5,844	-	-	-	-	50,874	-	50,874	
Public safety	11,228	-	-	-	-	141,676	-	141,676	
Public works	5,766	-	-	-	-	1,134,654	-	1,134,654	
Culture and recreation	-	-	-	47,664	-	694,531	-	694,531	
Health and welfare	-	-	540	-	-	26,284	-	26,284	
Education	-	-	-	-	274,259	2,432,044	-	2,432,044	
Capital outlays	-	-	-	-	-	327,021	118,524	445,545	
Debt service:									
Principal payments	-	-	-	-	-	189,946	-	189,946	
Interest and fiscal charges	-	-	-	-	-	20,075	-	20,075	
Total expenditures	<u>22,838</u>	<u>-</u>	<u>540</u>	<u>47,664</u>	<u>274,259</u>	<u>5,017,105</u>	<u>118,524</u>	<u>5,135,629</u>	
Excess (deficiency) of revenues over expenditures	(2,023)	200	1,125	2,771	57,351	110,681	(118,453)	(7,772)	
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	50,000	-	50,000	
Transfers out	-	-	-	-	-	(82,376)	-	(82,376)	
Total other financing sources (uses)	-	-	-	-	-	(32,376)	-	(32,376)	
Net change in fund balances	(2,023)	200	1,125	2,771	57,351	78,305	(118,453)	(40,148)	
Fund balances (deficit) - beginning	31,081	2,162	4,297	39,139	76,436	2,232,712	119,256	2,351,968	
Fund balances (deficit) - ending	<u>\$ 29,058</u>	<u>\$ 2,362</u>	<u>\$ 5,422</u>	<u>\$ 41,910</u>	<u>\$ 133,787</u>	<u>\$ 2,311,017</u>	<u>\$ 803</u>	<u>\$ 2,311,820</u>	

(Concluded)

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**FIDUCIARY FUNDS**

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**TOWN OF WOLCOTT, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**JUNE 30, 2015**

	<u>Town General Pension Trust Fund</u>	<u>Board of Education Pension Trust Fund</u>	<u>Total Pension Trust Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,007,483	\$ -	\$ 1,007,483
Investments, at fair value:			
Guaranteed annuity contracts	-	12,016,329	12,016,329
Equity mutual funds	14,510,039	-	14,510,039
Bond mutual funds	2,345,430	-	2,345,430
Contributions receivable	107,189	1,500	108,689
Total assets	<u>17,970,141</u>	<u>12,017,829</u>	<u>29,987,970</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	<u>\$ 17,970,141</u>	<u>\$ 12,017,829</u>	<u>\$ 29,987,970</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Town General Pension Trust Fund</b>	<b>Board of Education Pension Trust Fund</b>	<b>Total Pension Trust Funds</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 1,058,150	\$ 643,743	\$ 1,701,893
Plan members	89,271	-	89,271
Total contributions	<u>1,147,421</u>	<u>643,743</u>	<u>1,791,164</u>
Investment earnings:			
Net increase in the fair value of investments	931,694	587,631	1,519,325
Interest and dividends	290,191	200,305	490,496
Total investment earnings	<u>1,221,885</u>	<u>787,936</u>	<u>2,009,821</u>
Less investment fee expense	96,646	41,185	137,831
Net increase in investments	<u>1,125,239</u>	<u>746,751</u>	<u>1,871,990</u>
Total additions	<u>2,272,660</u>	<u>1,390,494</u>	<u>3,663,154</u>
<b>DEDUCTIONS</b>			
Benefit payments	1,002,190	719,995	1,722,185
Administrative expenses	24,899	20,006	44,905
Total deductions	<u>1,027,089</u>	<u>740,001</u>	<u>1,767,090</u>
Change in net position	1,245,571	650,493	1,896,064
Net position - beginning	<u>16,724,570</u>	<u>11,367,336</u>	<u>28,091,906</u>
Net position - ending	<u>\$ 17,970,141</u>	<u>\$ 12,017,829</u>	<u>\$ 29,987,970</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2015**

	<u>Student Activities</u>	<u>Performance Bonds</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 141,809	\$ 179,556	\$ 321,365
Total assets	<u>\$ 141,809</u>	<u>\$ 179,556</u>	<u>\$ 321,365</u>
<b>LIABILITIES</b>			
Due to student groups	\$ 141,809	\$ -	\$ 141,809
Due to others	-	179,556	179,556
Total liabilities	<u>\$ 141,809</u>	<u>\$ 179,556</u>	<u>\$ 321,365</u>

*See accompanying Independent Auditor's Report*

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

	<u>Balance, July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2015</u>
<b>Student Activities</b>				
Assets				
Cash and cash equivalents	\$ 149,885	\$ 639,731	\$ 647,807	\$ 141,809
Total assets	<u>\$ 149,885</u>	<u>\$ 639,731</u>	<u>\$ 647,807</u>	<u>\$ 141,809</u>
Liabilities				
Due to student groups	\$ 149,885	\$ 639,731	\$ 647,807	\$ 141,809
Total liabilities	<u>\$ 149,885</u>	<u>\$ 639,731</u>	<u>\$ 647,807</u>	<u>\$ 141,809</u>
<b>Performance Bonds</b>				
Assets				
Cash and cash equivalents	\$ 218,182	\$ 53,195	\$ 91,821	\$ 179,556
Total assets	<u>\$ 218,182</u>	<u>\$ 53,195</u>	<u>\$ 91,821</u>	<u>\$ 179,556</u>
Liabilities				
Due to others	\$ 218,182	\$ 53,195	\$ 91,821	\$ 179,556
Total liabilities	<u>\$ 218,182</u>	<u>\$ 53,195</u>	<u>\$ 91,821</u>	<u>\$ 179,556</u>
<b>Total All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 368,067	\$ 692,926	\$ 739,628	\$ 321,365
Total assets	<u>\$ 368,067</u>	<u>\$ 692,926</u>	<u>\$ 739,628</u>	<u>\$ 321,365</u>
Liabilities				
Due to student groups	\$ 149,885	\$ 639,731	\$ 647,807	\$ 141,809
Due to others	218,182	53,195	91,821	179,556
Total liabilities	<u>\$ 368,067</u>	<u>\$ 692,926</u>	<u>\$ 739,628</u>	<u>\$ 321,365</u>

*See accompanying Independent Auditor's Report.*