

TOWN OF WOLCOTT, CONNECTICUT
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2020

TOWN OF WOLCOTT, CONNECTICUT
TABLE OF CONTENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Government-wide Statement of Activities	19
Statement of Net Position - Proprietary Fund	21
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Fund	23
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	25
Notes to the Financial Statements	26
Required Supplementary Information (Unaudited):	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Budgetary Basis	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Sewer Usage Fund	72
Schedule of Changes in Net Pension Liability - Town General Pension Plan	73
Schedule of Contributions and Investment Returns - Town General Pension Plan	74
Schedule of Changes in Net Pension Liability - Board of Education Plan	75
Schedule of Contributions and Investment Returns - Board of Education Plan	76
Schedule of Town's Proportionate Share of Net Pension Liability - Connecticut State Teachers' Retirement System	77
Schedules of Changes in Total OPEB Liability - Other Post-Employment Benefits	78
Schedule of Town's Proportionate Share of the Net Other Post-Employment Benefits Liability - Connecticut State Teachers' Retirement System	79
Notes to the Required Supplementary Information	80

TOWN OF WOLCOTT, CONNECTICUT
TABLE OF CONTENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

	Page
Combining and Individual Fund Statements and Schedules:	
General Fund:	
Schedule of Revenues and Other Financing Sources - Budget and Actual General Fund - Budgetary Basis	85
Schedule of Expenditures - Budget and Actual General Fund - Budgetary Basis	87
Schedule of Property Taxes Levied, Collected and Outstanding	89
Schedule of Debt Limitation	90
Capital Improvement Fund:	
Project Status Summary	91
Capital Projects Authorizations	92
Nonmajor Governmental Funds:	
Combining Balance Sheet	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	97
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Water Assessment Fund	101
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Sewer Assessments Fund	102
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Water Usage Fund	103
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Acquired Facilities Woodtick - Recreation Area Fund	104
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Farmingbury Hills Country Club Fund	105
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position - Pension Trust Funds	106
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds	107
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	108
Combining Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds	109

INDEPENDENT AUDITOR'S REPORT

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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Correction of an Error in Previously Issued Financial Statements

As discussed in Note 1 to the financial statements, the Town restated amounts previously reported in its financial statements as of and for the year ended June 30, 2019 for the correction of an error. Our opinion is not modified with respect to this matter.

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 13 and the information on pages 71 through 84 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 on pages 85 through 109 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 21, 2020 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.



Certified Public Accountants
Glastonbury, Connecticut
December 21, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

As management of the Town of Wolcott, Connecticut (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, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,424,249 (net position). Of this amount, \$26,756,894 represents a deficit in the Town's unrestricted net position. This deficit is primarily attributed to long-term liabilities for pension and other post-employment benefits.
- The Town's total net position increased by \$4,186,374 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,686,267, a decrease of \$755,404 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,941,855 or 10.5% of the Town's fiscal year 2021 budgetary expenditure appropriations. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 1.3 months of General Fund operating expenditures.
- The Town's total capital assets increased by \$360,236 or 0.5%.
- The Town's total long-term bonded debt decreased by \$3,753,697 or 9.9%.

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 are comprised of 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.

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 and inflows 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.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements

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.

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 14 and 15 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 Sewer Usage 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 16 through 20 of this report.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

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 self-insured healthcare 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 21 through 23 of this report.

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 basic fiduciary fund financial statements can be found on pages 24 through 25 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 26 through 70 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 71 through 84 of this report. Combining and individual fund financial statements and schedules can be found on pages 85 through 109 of this report.

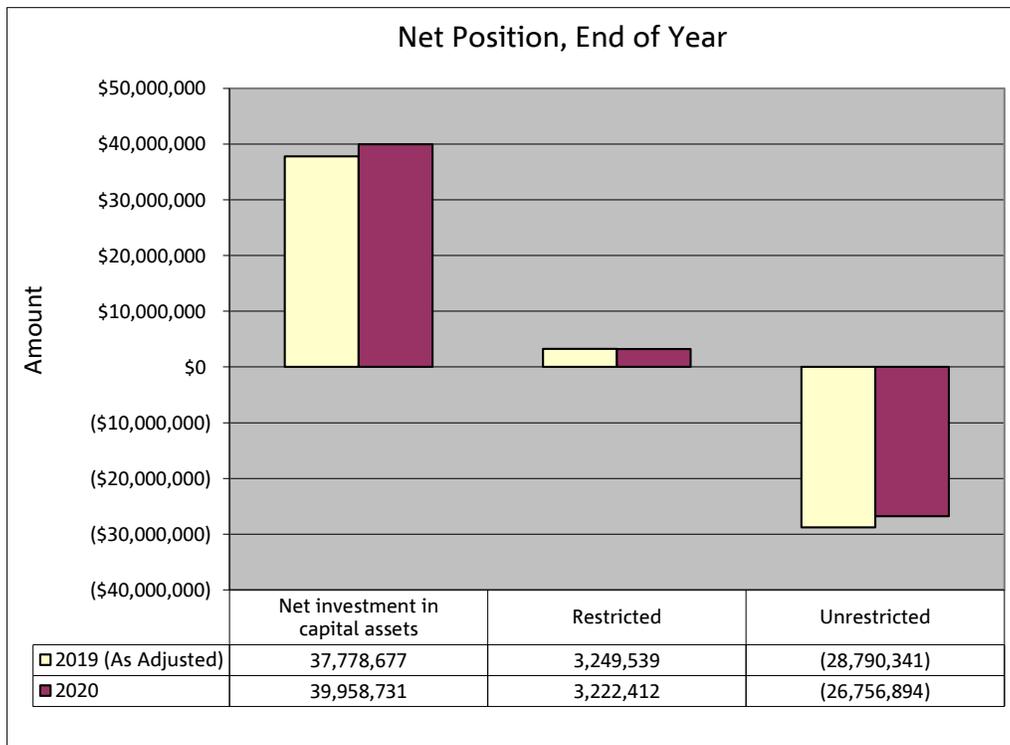
TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$16,424,249 as of June 30, 2020 and \$12,237,875 as of June 30, 2019, as restated, and is summarized as follows.

	2020	2019 <i>(As Adjusted)</i>	\$ Change	% Change
Current and other assets	\$ 26,549,858	\$ 27,977,827	\$ (1,427,969)	-5.1%
Capital assets, net	75,570,336	75,210,100	360,236	0.5%
Total assets	<u>102,120,194</u>	<u>103,187,927</u>	<u>(1,067,733)</u>	-1.0%
Deferred outflows of resources	<u>4,039,250</u>	<u>3,900,293</u>	<u>138,957</u>	3.6%
Long-term liabilities	82,681,537	83,680,271	(998,734)	-1.2%
Other liabilities	4,008,922	7,047,754	(3,038,832)	-43.1%
Total liabilities	<u>86,690,459</u>	<u>90,728,025</u>	<u>(4,037,566)</u>	-4.5%
Deferred inflows of resources	<u>3,044,736</u>	<u>4,122,320</u>	<u>(1,077,584)</u>	-26.1%
Net position:				
Net investment in capital assets	39,958,731	37,778,677	2,180,054	5.8%
Restricted	3,222,412	3,249,539	(27,127)	-0.8%
Unrestricted	<u>(26,756,894)</u>	<u>(28,790,341)</u>	<u>2,033,447</u>	7.1%
Total net position	<u>\$ 16,424,249</u>	<u>\$ 12,237,875</u>	<u>\$ 4,186,374</u>	34.2%



TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*

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

19.6% 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, the Town's net position increased by \$4,186,374.

Changes in Net Position

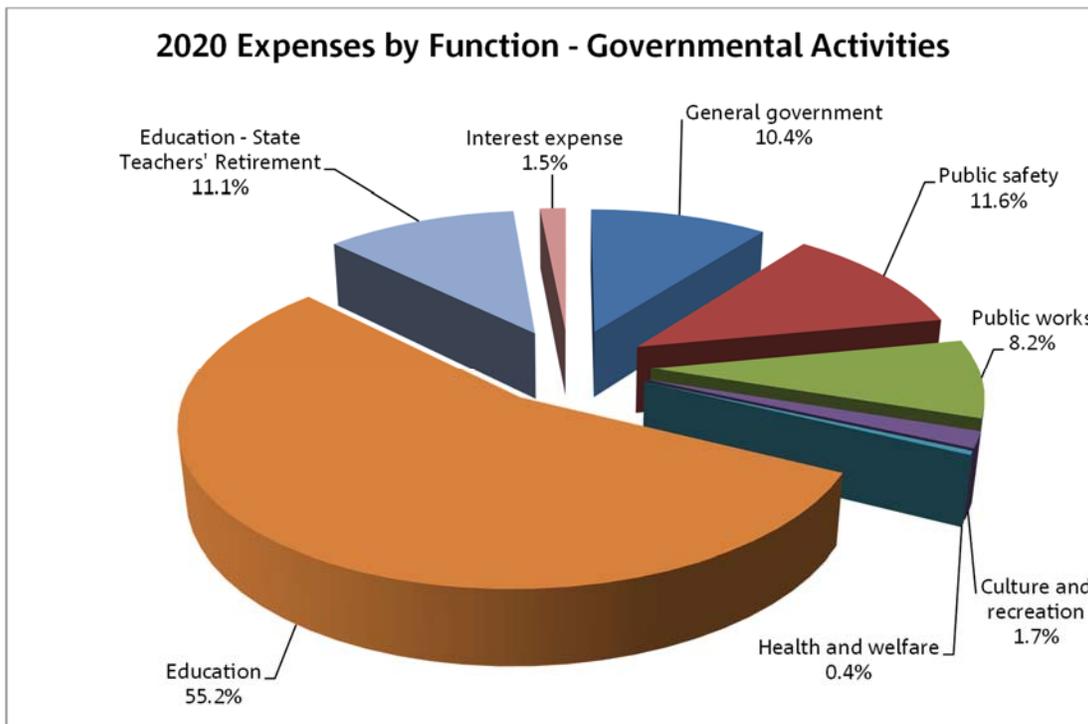
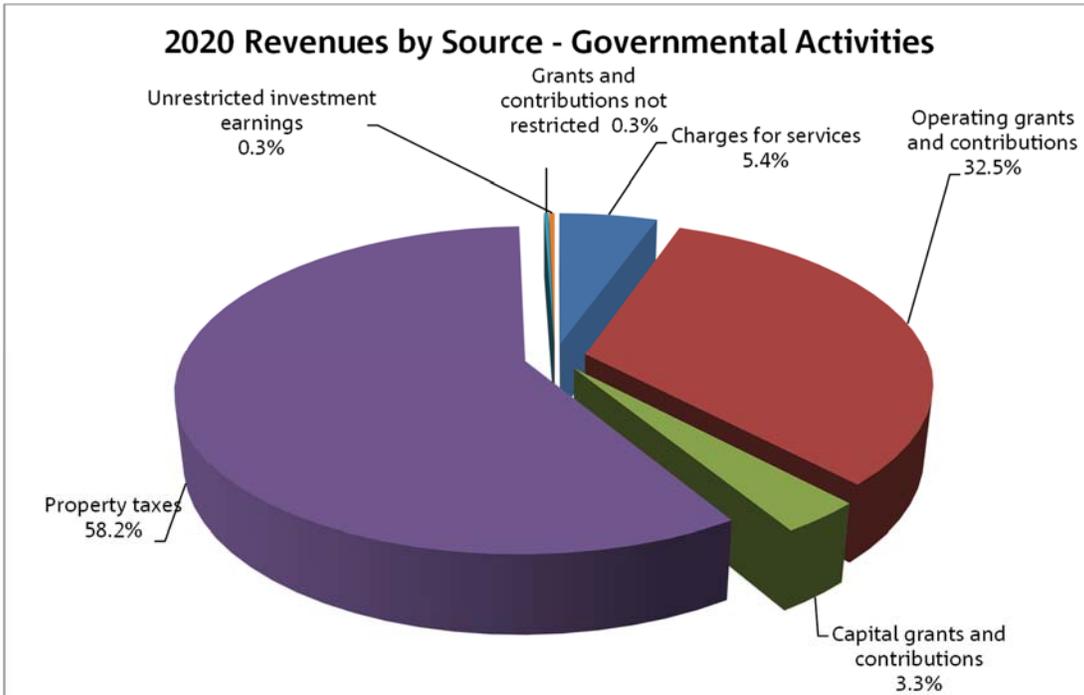
Changes in net position for the years ended June 30, 2020 and 2019 are as follows. The amounts reported for the year ended June 30, 2019 have not been adjusted for the restatement, since the effects of the adjustments on the statement of changes in net position are not readily determinable.

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Program revenues:				
Charges for services	\$ 3,921,784	\$ 4,141,210	\$ (219,426)	-5.3%
Operating grants and contributions	23,445,503	19,134,414	4,311,089	22.5%
Capital grants and contributions	2,345,886	372,858	1,973,028	529.2%
General revenues:				
Property taxes	41,929,153	40,511,326	1,417,827	3.5%
Grants and contributions not restricted	181,267	180,043	1,224	0.7%
Unrestricted investment earnings	225,428	283,559	(58,131)	-20.5%
Total revenues	<u>72,049,021</u>	<u>64,623,410</u>	<u>7,425,611</u>	11.5%
Program expenses:				
General government	7,036,573	7,213,916	(177,343)	-2.5%
Public safety	7,849,424	7,459,379	390,045	5.2%
Public works	5,561,600	4,636,558	925,042	20.0%
Culture and recreation	1,133,461	1,329,889	(196,428)	-14.8%
Health and welfare	274,125	281,220	(7,095)	-2.5%
Education	37,431,384	38,609,291	(1,177,907)	-3.1%
Education - State Teachers' Retirement	7,553,742	2,395,719	5,158,023	215.3%
Interest expense	1,022,338	1,284,026	(261,688)	-20.4%
Total expenses	<u>67,862,647</u>	<u>63,209,998</u>	<u>4,652,649</u>	7.4%
Change in net position	<u>\$ 4,186,374</u>	<u>\$ 1,413,412</u>	<u>\$ 2,772,962</u>	196.2%

TOWN OF WOLCOTT, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*



TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Governmental Activities

Governmental activities increased the Town's net position by \$4,186,374.

Revenues generated by the Town increased by \$7,425,611 or 11.5% in comparison to revenues reported in the prior year. Key elements of the current year change in revenues included increases in operating grants and contributions of \$4,311,089, capital grants and contributions of \$1,973,028, and property tax revenues of \$1,417,827.

The increase in operating grants and contributions was driven by an increase in the amount of on-behalf pension and OPEB expenses recognized by Town for its participation in the Connecticut Teachers' Retirement System. The increase in capital grants and contributions was driven by the recognition of \$1,990,000 of costs incurred in relation to the Town's Todd Road Local Transportation Capital Improvement Program (LOTICIP) grant.

Expenses incurred by the Town increased by \$4,652,649 or 7.4% in comparison to expenses reported in the prior year, primarily attributed to an increase in education expenses as a result of the increase in the amount of pension and OPEB expense recognized by the State of Connecticut in connection with the Town's participation in the Connecticut State Teachers' Retirement System.

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 balances of \$12,686,267, a decrease of \$755,404 in comparison with the prior year. Of this amount, \$5,276,147 represents the total unassigned fund balance of the Town.

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 \$5,941,855, while total fund balance was \$8,124,417. 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 10.5% of the Town's fiscal year 2021 budgetary expenditure appropriations. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 1.3 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$1,427,863 during the current fiscal year as a result of favorable budget results as outlined in the General Fund Budgetary Highlights section below.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Capital Improvement Fund

The Capital Improvement Fund has a fund balance of \$555,995 as of June 30, 2020, which is a \$1,449,296 decrease in the fund balance from the prior year. This decrease is primarily attributable to an increase in capital outlays consisting of road reconstruction, repairs and renovation projects. These outlays were permanently financed by the issuance of general obligation bonds in November 2019.

Sewer Usage Fund

The fund balance of the Sewer Usage Fund decreased by \$20,623 during the current fiscal year. This decrease can be attributed to an increase in inter-municipal sewer service charges and a decrease in overall collections due to the COVID-19 pandemic.

Small Cities Grant Program Fund

The fund balance of the Small Cities Grant Fund decreased by \$10,349 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final budgets for the year ended June 30, 2020 planned for the utilization of fund balance in the amount of \$395,000. The actual net change in the fund balance of the General Fund on a budgetary basis was an increase of \$1,321,512, resulting in a favorable budgetary variance of \$1,716,512. No supplemental appropriations were made during the fiscal year.

Revenues exceeded budgetary estimates by \$419,691 or 0.8%, primarily due to favorable collections on current year and prior year delinquent property taxes levied. Expenditures were \$1,396,821 or 2.5% less than budgeted. This decrease was primarily derived from the School District, which incurred reductions in certain costs associated with remote learning that went into effect in March 2020 pursuant to the Governor's executive order in response to the COVID-19 pandemic.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2020 totaled \$75,570,336 (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 \$360,236 or 0.5%. This increase can be attributed to various capital additions as outlined in further detail below, offset by current year depreciation expense.

As disclosed in Note 1 to the financial statements, the Town restated its capital asset balances reported in prior years to account for the removal of salvage values and to reduce the useful lives assigned to its infrastructure assets.

TOWN OF WOLCOTT, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

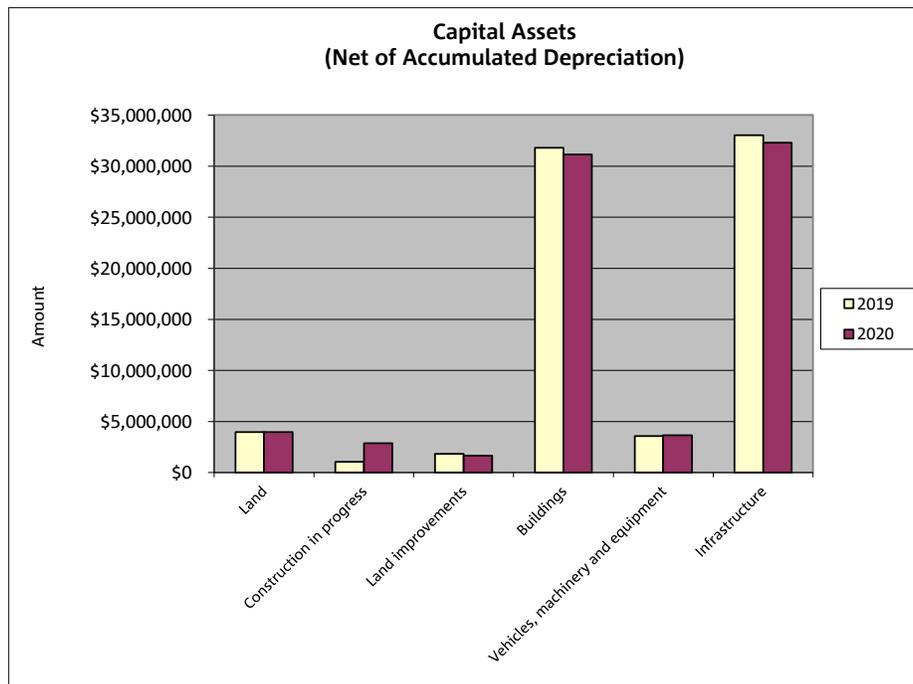
Capital Assets *(Continued)*

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

- Additions to construction in progress of approximately \$2.0 million related to ongoing construction of Town roads;
- Additions of approximately \$257 thousand in buildings related to costs incurred in connection with various heat pump and boiler upgrades and the Board of Education central office renovation project.
- Additions of approximately \$999 thousand in vehicles, machinery, and equipment related to costs incurred in connection with the purchase of new Town financial software, Board of Education firewall software, and Town equipment and vehicles.
- An increase of approximately \$1.3 million in infrastructure due to the completion of various road reconstruction projects.

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

	2020	2019 <i>(As Adjusted)</i>	\$ Change	% Change
Land	\$ 3,955,774	\$ 3,955,774	\$ -	0.0%
Construction in progress	2,865,643	1,036,790	1,828,853	176.4%
Land improvements	1,651,836	1,818,883	(167,047)	-9.2%
Buildings	31,147,864	31,793,948	(646,084)	-2.0%
Vehicles, machinery and equipment	3,651,011	3,569,363	81,648	2.3%
Infrastructure	32,298,208	33,035,342	(737,134)	-2.2%
Totals	<u>\$ 75,570,336</u>	<u>\$ 75,210,100</u>	<u>\$ 360,236</u>	0.5%



Additional information on the Town's capital assets can be found in Note 4 of this report.

TOWN OF WOLCOTT, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

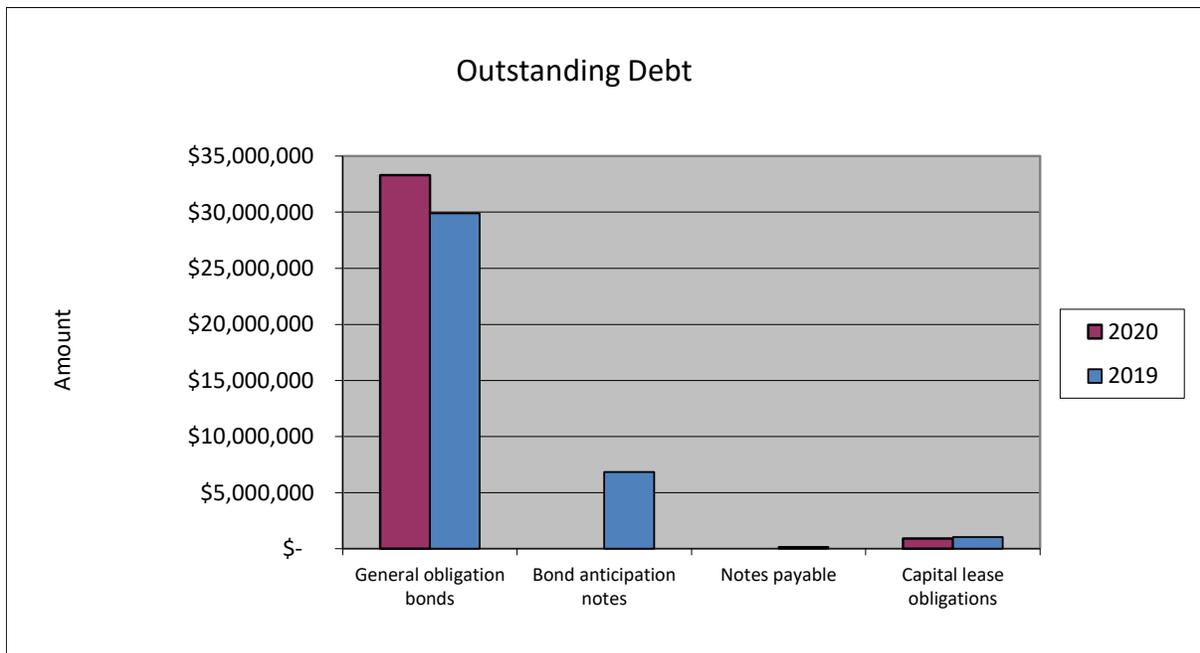
Long-term Debt

At the end of the current fiscal year, the Town had total long-term debt (consisting of bonds, notes and capital lease obligations) outstanding of \$34,214,777, all of which is backed by the full faith and credit of the Town. The Town's total principal long-term debt decreased by \$3,753,697 or 9.9%. This decrease can be attributed to an increase in general obligation bonds issued in November 2019 in the amount of \$6,845,000, an increase in Town and Board of Education capital lease obligations, offset by scheduled debt service payments.

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 significantly in excess of the Town's outstanding general obligation debt.

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

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds	\$ 33,310,000	\$ 29,895,000	\$ 3,415,000	11.4%
Bond anticipation notes	-	6,845,000	(6,845,000)	100.0%
Notes payable	-	169,414	(169,414)	-100.0%
Capital lease obligations	904,777	1,059,060	(154,283)	-14.6%
Totals	<u>\$ 34,214,777</u>	<u>\$ 37,968,474</u>	<u>\$ (3,753,697)</u>	-9.9%



Additional information on the Town's long-term debt can be found in Note 7 of this report.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- 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 2021, 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.
 - The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive. The Town's budget for such 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.
- In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

All of these factors were considered in preparing the Town's budget for fiscal year 2021.

The Town's fiscal year 2021 General Fund budget was approved by the Town Council on June 2, 2020. The approved budget contemplated expenditures of \$56,832,653, which is an increase of \$325,519 or 1.55% over the original fiscal year 2020 budgeted expenditures. The Town has assigned \$610,000 from fund balance of the General Fund for spending in the 2021 fiscal year budget.

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.

BASIC FINANCIAL STATEMENTS

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 17,795,237
Investments	1,003,154
Receivables:	
Property taxes and interest, net	2,489,452
Grants and contracts	217,592
Assessments, net	722,431
Usage fees, net	1,403,065
Other	271,113
Noncurrent assets:	
Assessments receivable	232,601
Loans receivable	2,415,213
Capital assets:	
Non-depreciable	6,821,417
Depreciable, net	68,748,919
Total assets	102,120,194
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	426,434
Deferred charges on pension expense	1,497,182
Deferred charges on OPEB expense	2,115,634
Total deferred outflows of resources	4,039,250
LIABILITIES	
Accounts payable	2,477,644
Accrued liabilities:	
Salaries and benefits payable	333,824
Accrued interest	274,998
Claims payable	349,498
Unearned revenue	572,958
Noncurrent liabilities:	
Due within one year	4,321,072
Due in more than one year	78,360,465
Total liabilities	86,690,459
DEFERRED INFLOWS OF RESOURCES	
Deferred charges on pension expense	476,204
Deferred charges on OPEB expense	2,568,532
Total deferred inflows of resources	3,044,736
NET POSITION	
Net investment in capital assets	39,958,731
Restricted for:	
Rehabilitation loan program	2,415,213
Other purposes	807,199
Unrestricted	(26,756,894)
Total net position	\$ 16,424,249

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities					Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 7,036,573	\$ 322,348	\$ 133,686	\$ -	\$ (6,580,539)
Public safety	7,849,424	503,613	104,573	-	(7,241,238)
Public works	5,561,600	1,909,669	374,907	2,075,619	(1,201,405)
Culture and recreation	1,133,461	402,173	709	-	(730,579)
Health and welfare	274,125	59,536	74,843	140,606	860
Education	37,431,384	724,445	15,203,043	129,661	(21,374,235)
Education - State Teachers' Retirement	7,553,742	-	7,553,742	-	-
Interest expense	1,022,338	-	-	-	(1,022,338)
Total governmental activities	<u>\$ 67,862,647</u>	<u>\$ 3,921,784</u>	<u>\$ 23,445,503</u>	<u>\$ 2,345,886</u>	<u>(38,149,474)</u>
General revenues:					
					41,929,153
					181,267
					225,428
					<u>42,335,848</u>
					4,186,374
					23,164,891
					(10,927,016)
					<u>12,237,875</u>
					<u>\$ 16,424,249</u>

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

TOWN OF WOLCOTT, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

	General Fund	Capital Improvement Fund	Sewer Usage Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 8,966,376	\$ 568,752	\$ 875,899	\$ 53,148	\$ 3,159,187	\$ 13,623,362
Investments	496,628	-	254,910	-	251,616	1,003,154
Receivables:						
Property taxes and interest, net	2,489,452	-	-	-	-	2,489,452
Grants and contracts	177	-	-	-	217,415	217,592
Loans	-	-	-	2,415,213	-	2,415,213
Assessments, net	-	-	-	-	955,032	955,032
Usage fees, net	-	-	1,292,857	-	110,208	1,403,065
Other	141,178	-	-	-	106,827	248,005
Due from other funds	129,734	-	1,587	-	620,321	751,642
Inventories	-	-	-	-	22,365	22,365
Advances to other fund	665,708	-	-	-	-	665,708
Total assets	<u>\$ 12,889,253</u>	<u>\$ 568,752</u>	<u>\$ 2,425,253</u>	<u>\$ 2,468,361</u>	<u>\$ 5,442,971</u>	<u>\$ 23,794,590</u>
LIABILITIES						
Accounts payable	\$ 1,586,696	\$ 12,757	\$ 381,618	\$ 1,719	\$ 442,513	\$ 2,425,303
Accrued salaries and benefits payable	333,824	-	-	-	-	333,824
Due to other funds	486,963	-	15,932	-	248,747	751,642
Unearned revenue	31,372	-	-	-	541,586	572,958
Advances from other fund	-	-	-	-	665,708	665,708
Total liabilities	<u>2,438,855</u>	<u>12,757</u>	<u>397,550</u>	<u>1,719</u>	<u>1,898,554</u>	<u>4,749,435</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	<u>2,325,981</u>	<u>-</u>	<u>582,170</u>	<u>2,415,213</u>	<u>1,035,524</u>	<u>6,358,888</u>
FUND BALANCES						
Nonspendable	665,708	-	-	-	22,365	688,073
Restricted	-	555,995	-	51,429	755,770	1,363,194
Committed	484,452	-	1,445,533	-	2,396,466	4,326,451
Assigned	1,032,402	-	-	-	-	1,032,402
Unassigned	5,941,855	-	-	-	(665,708)	5,276,147
Total fund balances	<u>8,124,417</u>	<u>555,995</u>	<u>1,445,533</u>	<u>51,429</u>	<u>2,508,893</u>	<u>12,686,267</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,889,253</u>	<u>\$ 568,752</u>	<u>\$ 2,425,253</u>	<u>\$ 2,468,361</u>	<u>\$ 5,442,971</u>	<u>\$ 23,794,590</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
AS OF JUNE 30, 2020

Total fund balance for governmental funds		\$ 12,686,267
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:		
Non-depreciable	\$ 6,821,417	
Depreciable, net	68,748,919	
Total capital assets, net		75,570,336
Some of the Town's 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 inflows of resources in the funds.		
		6,358,888
The following deferred outflows and inflows of resources are applicable to the Town's governmental activities, but do not effect the current period and, therefore, are not reported in the funds:		
Deferred charge on refundings	426,434	
Deferred charges on OPEB expense	(452,898)	
Deferred charges on pension expense	1,020,978	
Total deferred outflows (inflows) of resources, net		994,514
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest payable	(274,998)	
Long-term debt:		
Bonds payable, net	(35,689,257)	
Other long-term liabilities:		
Capital lease obligations	(904,777)	
Heart and Hypertension obligations	(1,234,655)	
Compensated absences	(2,698,115)	
Net pension liabilities	(12,690,311)	
Total OPEB liability	(29,464,422)	
Total long-term liabilities		(82,956,535)
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.		
		3,770,779
Net position of governmental activities		\$ 16,424,249

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, 2020

	General Fund	Capital Improvement Fund	Sewer Usage Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 41,567,957	\$ -	\$ -	\$ -	\$ -	\$ 41,567,957
Intergovernmental	19,130,798	129,660	-	-	4,314,924	23,575,382
Charges for services	546,763	-	947,052	54,890	2,185,790	3,734,495
Interest income	172,067	21,130	23,625	46	8,560	225,428
Other	68,547	-	-	-	185,054	253,601
Total revenues	<u>61,486,132</u>	<u>150,790</u>	<u>970,677</u>	<u>54,936</u>	<u>6,694,328</u>	<u>69,356,863</u>
EXPENDITURES						
Current:						
General government	6,724,361	-	-	-	67,391	6,791,752
Public safety	6,478,369	-	-	-	438,856	6,917,225
Public works	1,576,666	-	818,744	-	585,402	2,980,812
Culture and recreation	512,949	-	-	-	463,060	976,009
Health and welfare	215,562	-	-	65,285	5,764	286,611
Education	40,406,587	-	-	-	2,623,108	43,029,695
Capital outlays	565,186	1,636,540	1,301	-	2,376,809	4,579,836
Debt service:						
Principal payments	3,872,574	-	169,415	-	31,895	4,073,884
Interest and fiscal charges	1,154,367	99,999	1,840	-	3,906	1,260,112
Debt issuance costs	-	73,874	-	-	-	73,874
Total expenditures	<u>61,506,621</u>	<u>1,810,413</u>	<u>991,300</u>	<u>65,285</u>	<u>6,596,191</u>	<u>70,969,810</u>
Excess (deficiency) of revenues over expenditures	(20,489)	(1,659,623)	(20,623)	(10,349)	98,137	(1,612,947)
OTHER FINANCING SOURCES (USES)						
Capital lease financing	400,347	-	-	-	-	400,347
Proceeds from bonds	-	6,845,000	-	-	-	6,845,000
Premiums on bonds	-	457,196	-	-	-	457,196
Repayment of bond anticipation notes	-	(6,845,000)	-	-	-	(6,845,000)
Transfers in	1,048,005	-	-	-	133,358	1,181,363
Transfers out	-	(246,869)	-	-	(934,494)	(1,181,363)
Total other financing sources (uses)	<u>1,448,352</u>	<u>210,327</u>	<u>-</u>	<u>-</u>	<u>(801,136)</u>	<u>857,543</u>
Net change in fund balances	1,427,863	(1,449,296)	(20,623)	(10,349)	(702,999)	(755,404)
Fund balances - beginning	6,696,554	2,005,291	1,466,156	61,778	3,211,892	13,441,671
Fund balances - ending	<u>\$ 8,124,417</u>	<u>\$ 555,995</u>	<u>\$ 1,445,533</u>	<u>\$ 51,429</u>	<u>\$ 2,508,893</u>	<u>\$ 12,686,267</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, 2020

Net change in fund balances - total governmental funds \$ (755,404)

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

Governmental funds report capital outlays as expenditures. In addition, depreciation expense and gains (losses) on the sale of capital assets are not reported in the governmental funds. This amount reflects the net effect of these differences. 564,479

In the statement of activities, only the loss on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the funds. (204,243)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension liabilities and total OPEB liability are amortized as a component of pension and OPEB expenses in the statement of activities. 1,435,363

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	(400,347)		
General obligation bonds issued	(6,845,000)		
Premium on bonds issued	(457,196)		
Principal repayments:			
Bonds and notes payable	3,599,414		
Repayment on bond anticipation note	6,845,000		
Capital lease financing	554,630		
Net adjustment	3,296,501		3,296,501

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. 452,429

(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, 2020

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	\$	150,850	
Amortization of deferred charges on sewer upgrades		(169,414)	
Amortization of deferred charges on refunding		(49,408)	
Amortization of bond premiums		191,435	
Heart and Hypertension obligations		(175,884)	
Compensated absences		(30,675)	
Early retirement incentive		1,425	
Net pension liabilities		(875,135)	
Total OPEB liability		<u>(1,408,933)</u>	
	\$		(2,365,739)
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.			
			<u>1,762,988</u>
Change in net position of governmental activities	\$		<u><u>4,186,374</u></u>
			<i>(Concluded)</i>

TOWN OF WOLCOTT, CONNECTICUT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

AS OF JUNE 30, 2020

	Governmental Activities
	Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 4,171,875
Receivables	743
Total assets	<u>4,172,618</u>
LIABILITIES	
Accounts payable	52,341
Claims payable	349,498
Total liabilities	<u>401,839</u>
NET POSITION	
Unrestricted:	
Designated for Town benefits	1,767,698
Designated for Board of Education benefits	2,003,081
Total net position	<u>\$ 3,770,779</u>

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, 2020

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Employer contributions	\$ 6,270,251
Employee contributions	2,170,991
Total operating revenues	8,441,242
OPERATING EXPENSES	
Premiums and claims incurred	6,427,072
Administration	251,182
Total operating expenses	6,678,254
Operating income and change in net position	1,762,988
Net position - beginning	2,007,791
Net position - ending	\$ 3,770,779

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, 2020

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from the following:	
Employer	\$ 6,270,197
Employees	2,170,991
Cash paid for the following:	
Premiums and claims incurred	(6,663,483)
Administration	(242,241)
Net cash provided by operating activities	1,535,464
Net increase in cash and cash equivalents	1,535,464
Cash and cash equivalents, beginning of year	2,636,411
Cash and cash equivalents, end of year	\$ 4,171,875
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,762,988
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(54)
Increase in accounts payable	8,941
Decrease in claims payable	(236,411)
Net cash provided by operating activities	\$ 1,535,464

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2020

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 8,921,683	\$ 8,291	\$ 518,511
Investments			
Corporate bonds	11,415,814	-	-
Mutual funds	1,946,464	-	-
Insurance contracts	16,952,065	-	-
Certificates of deposit	-	220,712	-
Contributions receivable	93,018	-	-
Total assets	<u>39,329,044</u>	<u>229,003</u>	<u>\$ 518,511</u>
LIABILITIES			
Due to student groups	-	-	225,064
Due to others	-	-	293,447
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 518,511</u>
NET POSITION			
Restricted for pension benefits and other purposes	<u>\$ 39,329,044</u>	<u>\$ 229,003</u>	

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund
ADDITIONS		
Contributions:		
Employer	\$ 1,954,040	\$ -
Plan members	93,018	-
Private donations	-	500
Other	35	-
Total contributions	<u>2,047,093</u>	<u>500</u>
Investment earnings:		
Net change in the fair value of investments	1,057,448	-
Interest and dividends	526,659	6,308
Total investment earnings	<u>1,584,107</u>	<u>6,308</u>
Less investment fee expense	159,626	-
Total investment earnings, net	<u>1,424,481</u>	<u>6,308</u>
Total additions	<u>3,471,574</u>	<u>6,808</u>
DEDUCTIONS		
Benefit payments	2,528,718	6,200
Administrative expenses	51,270	-
Total deductions	<u>2,579,988</u>	<u>6,200</u>
Change in net position	891,586	608
Net position - beginning	<u>38,437,458</u>	<u>228,395</u>
Net position - ending	<u>\$ 39,329,044</u>	<u>\$ 229,003</u>

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - 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 fund is used to account for the revenues and expenditures associated with the Town's various long-term capital projects.

Sewer Usage Fund - This fund is used to account for the financial resources from the collection of user charges to fund sewer operations.

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 improvements.

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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - 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 available to be 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 New Accounting Standards

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As such, no new accounting standards were implemented by the Town for the year ended June 30, 2020.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Adjustments to Amounts Reported in Previously Issued Financial Statements

The Town has reported the following adjustment to the beginning net position as of July 1, 2019:

	Governmental Activities
Net position - beginning, as originally reported	\$ 23,164,891
Adjustment to restate beginning balances of capital assets	<u>(10,927,016)</u>
Net position - beginning, as adjusted	<u>\$ 12,237,875</u>

The Town restated its capital asset balances reported in prior years to account for the removal of salvage values and to reduce the useful lives assigned to its infrastructure assets. The effect of the above adjustment on the prior year change in net position are not readily determinable.

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

Cash and 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 are measured by the Town at fair value (generally based on quoted market prices), except for investments in participating interest-earning investment contracts, certain external investment pools and synthetic guaranteed investment contracts.

Investments in participating interest-earning investment contracts consist of negotiable certificates of deposit. Investments in these types of contracts, which have a remaining maturity at the time of purchase of one year or less, are measured by the Town at amortized cost. Investments in certain external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office.

Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the pool.

Investments in synthetic guaranteed investment contracts consist of group annuity contracts. Investments in these types of contracts are measured by the Town at contract value.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Donor-restricted Endowments

The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective October 1, 2007. UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

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.

Property Taxes, Assessments and Usage Charges

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 \$168,538 and \$63,852, respectively, as of June 30, 2020.

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 \$56,500 and \$6,900, respectively, as of June 30, 2020. In addition, the Town has established an allowance for uncollectible water and sewer usage charges of \$3,000 and \$33,000, respectively, as of June 30, 2020.

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 loans may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2020, loans receivable totaled \$2,415,213 under this program.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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 acquisition 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

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

Deferred outflows of resources consists of deferred charges on refundings and deferred charges on pension and OPEB expenses reported in the government-wide statement of net position. Deferred charges on refundings resulted from differences in the carrying value of previously refunded debt and the reacquisition price of the debt and are being amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred charges on pension and OPEB expenses resulted from changes in the components of the Town's net pension liabilities and are being amortized as a component of pension expense on a systematic and rational basis.

Deferred inflows of resources consist of revenues that are reported as being unavailable in the governmental funds balance sheet and deferred charges on pension and OPEB expenses reported in the government-wide statement of net position. Unavailable revenues are recognized as an inflow of resources in the period that the amounts become available. Deferred charges on pension and OPEB expenses are amortized as a component of pension and OPEB expense on a systematic and rational basis.

Unearned Revenue

This liability represents resources that have been received but not yet earned.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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 expensed when incurred.

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 government-wide statement of net position presents the Town's assets, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these elements. Net position is 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.

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Net Position and Fund Balances *(Continued)*

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.

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, 2020, unassigned fund balance in the General Fund represented 10.5% of the Town's approved budgeted operating revenues for the fiscal year 2020-2021 General Fund budget.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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.

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.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits, as of June 30, 2020 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 17,795,237
Statement of fiduciary net position:	
Cash and cash equivalents	9,448,485
	27,243,722
Add: certificates of deposit considered cash deposits	
for disclosure purposes	978,866
Less: cash equivalents considered investments	
for disclosure purposes	(15,071,890)
	\$ 13,150,698

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, 2020, \$12,038,708 of the Town's bank balance of \$13,077,339 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,834,837
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	1,203,871
	\$ 12,038,708

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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments

A reconciliation of the Town's investments as of June 30, 2020 is as follows:

Government-wide statement of net position:		
Investments	\$	1,003,154
Statement of fiduciary net position:		
Investments		30,535,055
		31,538,209
Add: cash equivalents considered investments for disclosure purposes		15,071,890
Less: certificates of deposit considered cash deposits for disclosure purposes		(978,866)
		\$ 45,631,233

As of June 30, 2020, the Town's investments consisted of the following:

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years)	
				Less Than 1	1 to 5
Debt Securities:					
<i>Governmental activities:</i>					
Short-term Investment Fund	Net asset value	AAA	\$ 6,506,630	\$ 6,506,630	\$ -
Negotiable certificates of deposit	Amortized cost	Unrated	245,000	245,000	-
<i>Fiduciary:</i>					
Short-term Investment Fund	Net asset value	AAA	59,102	59,102	-
Money market mutual funds	Net asset value	Unrated	8,506,158	8,506,158	-
			15,316,890	\$ 15,316,890	\$ -
Other investments:					
<i>Fiduciary:</i>					
Insurance contracts	Contract value		16,952,065		
Mutual funds	Fair value		13,362,278		
			\$ 45,631,233		

Because investments in the Short-term Investment Fund and 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.

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.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

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 adhere to in order to become qualified bidders to provide services to the Town. The Town's investments in external investment pools, mutual funds and group annuity contracts are not evidenced by securities and are therefore not exposed to custodial credit risk. The Town's investments in negotiable certificates of deposit are held in book entry form in the name of the Town and are therefore also not exposed to custodial credit risk.

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.

Concentrations of Credit Risk

The Town's investment policy generally 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. As of June 30, 2020, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (96.4%). As of June 30, 2020, more than 10% of the Town's fiduciary investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of Fiduciary Investments</u>
Principal Global Investors	Annuity Contract	\$ 12,821,043	33%
John Hancock Life Insurance Company	GAC - Immediate Participation Guarantee	4,131,022	11%
State Street Global Advisors Trust Company	SPDR S&P 500 ETF Trust	5,637,438	14%

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs).

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - FAIR VALUE MEASUREMENTS *(Continued)*

The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2020, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 13,362,278	\$ -	\$ -

Mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 consisted of the following:

	Beginning Balance (As Adjusted)	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 3,955,774	\$ -	\$ -	\$ -	\$ 3,955,774
Construction in progress	1,528,715	2,017,558	(160,638)	(519,992)	2,865,643
Total capital assets, not being depreciated	5,484,489	2,017,558	(160,638)	(519,992)	6,821,417
Capital assets, being depreciated:					
Land improvements	5,193,341	-	-	-	5,193,341
Buildings	61,186,203	257,426	-	179,820	61,623,449
Vehicles, machinery and equipment	16,680,251	999,199	(685,324)	209,592	17,203,718
Infrastructure	45,913,782	1,252,637	-	130,580	47,296,999
Total capital assets, being depreciated	128,973,577	2,509,262	(685,324)	519,992	131,317,507
Less accumulated depreciation and amortization for:					
Land improvements	3,374,458	167,047	-	-	3,541,505
Buildings	29,392,255	1,083,330	-	-	30,475,585
Vehicles, machinery and equipment	13,110,888	915,022	(473,203)	-	13,552,707
Infrastructure	13,370,365	1,628,426	-	-	14,998,791
Total accumulated depreciation and amortization	59,247,966	3,793,825	(473,203)	-	62,568,588
Total capital assets, being depreciated, net	69,725,611	(1,284,563)	(212,121)	519,992	68,748,919
Governmental activities capital assets, net	\$ 75,210,100	\$ 732,995	\$ (372,759)	\$ -	\$ 75,570,336

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS *(Continued)*

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

Governmental Activities:	
General government	\$ 80,402
Public safety	564,946
Public works	1,942,152
Culture and recreation	184,084
Education	<u>1,022,241</u>
Total depreciation and amortization expense - governmental activities	<u><u>\$ 3,793,825</u></u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2020 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Nonmajor governmental funds	<u>\$ 129,734</u>
Sewer Usage Fund	Water Usage Fund	<u>1,587</u>
Nonmajor governmental funds	General Fund	486,963
	Nonmajor governmental funds	<u>133,358</u>
		<u>620,321</u>
		<u><u>\$ 751,642</u></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.

The General Fund has advanced funds to the Farmingbury Hills Country Club Fund to temporarily subsidize operating deficits and to fund debt service payments. It is anticipated that the \$665,708 in amounts due to the General Fund from the Farmingbury Hills Country Club Fund will not be repaid within one year and, therefore, the balance due has been presented as an advance to/from other funds in the accompanying governmental funds balance sheet.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020 consisted of the following:

Transfers In	Transfers Out	Amount
Governmental Funds		
General Fund	Capital Improvement Fund	\$ 246,869
	Nonmajor governmental funds	<u>801,136</u>
		<u>1,048,005</u>
Nonmajor governmental funds	Nonmajor governmental funds	<u>133,358</u>
		<u>133,358</u>
		<u>\$ 1,181,363</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.

NOTE 7 - SHORT-TERM DEBT

The following is a summary of changes in short-term debt for the year ended June 30, 2020:

	Maturity Date	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities						
Bond anticipation notes	11/2019	3.25%	\$ 7,000,000	\$ -	\$ (7,000,000)	\$ -
			<u>\$ 7,000,000</u>	<u>\$ -</u>	<u>\$ (7,000,000)</u>	<u>\$ -</u>

The purpose of the bond anticipation notes was to provide interim financing for various ongoing construction projects until permanent financing was obtained. In November 2019, \$6,845,000 of the bond anticipation notes were retired through proceeds from the issuance of general obligation bonds.

NOTE 8 - LONG-TERM DEBT

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying asset.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - LONG-TERM DEBT (Continued)

Changes in long-term debt for the year ended June 30, 2020, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Direct Placements:					
General obligation bonds	\$ 29,895,000	\$ 6,845,000	\$ (3,430,000)	\$ 33,310,000	\$ 3,345,000
Unamortized premiums	2,113,496	457,196	(191,435)	2,379,257	-
Total bonds	32,008,496	7,302,196	(3,621,435)	35,689,257	3,345,000
Direct Borrowings:					
Notes	169,414	-	(169,414)	-	-
Capital leases	1,059,060	400,347	(554,630)	904,777	394,524
	<u>\$ 33,236,970</u>	<u>\$ 7,702,543</u>	<u>\$ (4,345,479)</u>	<u>\$ 36,594,034</u>	<u>\$ 3,739,524</u>

Long-term debt typically has been liquidated by the General Fund and transfers in from the Water Assessment and Debt Service Reserve Funds.

Direct Placements - General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2020 is as follows:

Purpose of Bonds	Date of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities					
Bonds Payable					
General Obligation Bonds	03/2002	\$ 800,000	6.25% - 6.5%	03/2022	\$ 50,000
General Obligation Refunding Bonds	08/2010	12,785,000	2.0% - 5.0%	08/2021	1,860,000
General Obligation Bonds	10/2014	6,960,000	2.0% - 4.0%	10/2033	5,335,000
General Obligation Refunding Bonds	01/2015	4,030,000	2.0% - 4.0%	08/2025	2,195,000
General Obligation Bonds	10/2016	4,590,000	2.0% - 5.0%	10/2033	3,930,000
General Obligation Bonds	10/2017	11,300,000	2.0% - 5.0%	10/2042	10,825,000
General Obligation Refunding Bonds	11/2017	2,630,000	4.0% - 5.0%	06/2030	2,270,000
General Obligation Bonds	10/2019	6,845,000	2.0% - 5.0%	11/2039	6,845,000
					<u>\$ 33,310,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2020:

Year ending	Governmental Activities		
	Bonds Payable		
	Principal	Interest	Total
June 30:			
2021	\$ 3,345,000	\$ 1,221,874	\$ 4,566,874
2022	2,705,000	971,068	3,676,068
2023	2,065,000	868,466	2,933,466
2024	2,065,000	777,569	2,842,569
2025	2,050,000	689,619	2,739,619
2026-2030	8,865,000	2,380,246	11,245,246
2031-2035	6,755,000	1,202,593	7,957,593
2036-2040	4,050,000	498,564	4,548,564
2041-2044	1,410,000	66,093	1,476,093
	<u>\$ 33,310,000</u>	<u>\$ 8,676,092</u>	<u>\$ 41,986,092</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - LONG-TERM DEBT *(Continued)*

Direct Placements - General Obligation Bonds *(Continued)*

Statutory Debt Limitation

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. 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, 2020.

Refundings

The Town has advanced refunded general obligation bonds in prior years. The difference between the reacquisition prices (the amounts placed in escrow) and the net carrying amounts of the refunded bonds have resulted in deferred charges on refundings in the amount of \$1,359,259. These amounts, net of accumulated amortization of \$932,825 have been presented as deferred outflows of resources in the government-wide financial statements and are being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$49,408 for the year ended June 30, 2020.

Direct Borrowings

Notes

The State of Connecticut Department of Energy and 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 pays its proportionate share of the project cost directly to the State of Connecticut. The note payable was paid in full as of June 30, 2020.

Capital Leases

Capital leases from direct borrowings include non-appropriation clauses and provide the obligor with a security interest in the underlying equipment in the event of a default.

A summary of assets acquired through capital leases is as follows as of June 30, 2020:

	Governmental Activities
Machinery and equipment	\$ 2,063,158
Less: accumulated amortization	612,847
	<u>\$ 1,450,311</u>

Amortization expense relative to leased property under capital leases totaled \$240,663 for the year ended June 30, 2020 and is included in depreciation and amortization expense disclosed in Note 4.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - LONG-TERM DEBT *(Continued)*

Direct Borrowings *(Continued)*

Capital Leases *(Continued)*

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

Year ending June 30:	Governmental Activities
2021	\$ 414,388
2022	269,101
2023	209,330
2024	49,512
Total minimum lease payments	942,331
Less: amount representing interest	(37,554)
Present value of minimum lease payments	\$ 904,777

NOTE 9 - OTHER LONG-TERM LIABILITIES

Changes in other long-term liabilities for the year ended June 30, 2020 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Heart and Hypertension obligations	\$ 1,058,771	\$ 231,918	\$ (56,034)	\$ 1,234,655	\$ 101,076
Compensated absences	2,667,440	344,503	(313,828)	2,698,115	480,472
Early retirement incentive	1,425	-	(1,425)	-	-
Net pension liabilities <i>(see Note 11)</i>	11,815,176	1,237,670	(362,535)	12,690,311	-
Total OPEB liability <i>(see Note 12)</i>	28,055,489	1,408,933	-	29,464,422	-
	\$ 43,598,301	\$ 3,223,024	\$ (733,822)	\$ 46,087,503	\$ 581,548

Other long-term liabilities typically have been liquidated by the General Fund.

Heart and Hypertension Obligations

The Town maintains the risk related to heart and hypertension claims payable to police employees under State benefit requirements. The Town does not maintain a separate cash reserve to cover the benefits provided by the heart and hypertension program and does not prefund the benefits to be paid in future years. Expenditures related to this program are funded annually through General Fund appropriations. The estimated liability at June 30, 2020 is \$1,234,655.

Early Retirement Incentive

The Board of Education provides early retirement incentive benefits to one former employee. This amount consists of payments due to a retired individual for compensated absences and annuity payments and was considered paid in full as of June 30, 2020.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - FUND BALANCE

The various components of fund balance at June 30, 2020 are as follows:

	General Fund	Capital Improvement Fund	Sewer Usage Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 22,365	\$ 22,365
Advances to other fund	665,708	-	-	-	-	665,708
Restricted for:						
Grant programs	-	-	-	-	426,166	426,166
School lunch program	-	-	-	-	260,597	260,597
Loan programs	-	-	-	51,429	-	51,429
Donor restrictions	-	-	-	-	9,795	9,795
Open space	-	-	-	-	58,333	58,333
Public safety	-	-	-	-	879	879
Capital purposes	-	555,995	-	-	-	555,995
Committed to:						
General government	-	-	-	-	88,664	88,664
Public safety	-	-	-	-	128,405	128,405
Culture and recreation	-	-	-	-	128,931	128,931
Health and welfare	-	-	-	-	13,786	13,786
Education	484,452	-	-	-	100,340	584,792
Capital purposes	-	-	-	-	853	853
Water and sewer operations	-	-	1,445,533	-	1,448,529	2,894,062
Debt repayment	-	-	-	-	486,958	486,958
Assigned to:						
Education - encumbrances	422,402	-	-	-	-	422,402
Subsequent year's budget	610,000	-	-	-	-	610,000
Unassigned	5,941,855	-	-	-	(665,708)	5,276,147
	<u>\$ 8,124,417</u>	<u>\$ 555,995</u>	<u>\$ 1,445,533</u>	<u>\$ 51,429</u>	<u>\$ 2,508,893</u>	<u>\$ 12,686,267</u>

Deficit Fund Balances

The following fund has a deficit unassigned fund balance as of June 30, 2020, which does not constitute a violation of statutory provisions:

Fund	Amount
Nonmajor Farmingbury Hills Country Club Fund	\$ (665,708)

The Town owns and previously operated the Farmingbury Hills Country Club, which has generated operating losses over the past several years. During the year ended June 30, 2020, the Town Council approved to lease the golf course to an unrelated company. Pursuant to the lease, the Town will receive rental income on a monthly basis and the company is responsible for managing and paying the costs to operate the golf course. The Town expects to eliminate the deficit within this Fund through future rental income from the lease.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - 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 Teachers' 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, disability and survivorship 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. The Plan was closed to new Police union hires in September 2015, Town Hall union Dispatchers in October 2011, and Public Works union employees in September 2018. At January 1, 2019, the valuation date, Town Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	67
Terminated members entitled to, but not yet receiving benefits	26
Active members	62
	155

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 or more	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 2.5% 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.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Plan Description *(Continued)*

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.

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 who are at least 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, except for investments in participating interest earning investment contracts, recorded at amortized cost, and certain external investment pools, recorded at net asset 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 - As of June 30, 2020, more than 10% of the Town Plan's investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of the Town Plan's Investments</u>
State Street Global Advisors Trust Company	SPDR S&P 500 ETF Trust	\$ 5,637,438	42.2%

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

Rate of return - For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

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

Total pension liability	\$ 34,822,343
Plan fiduciary net position	<u>22,376,979</u>
Town's net pension liability - Town Plan	<u>\$ 12,445,364</u>
Plan fiduciary net position as a percentage of the total pension liability	64.26%

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2020, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2019	\$ 33,548,561	\$ 22,340,867	\$ 11,207,694
Changes for the year:			
Service cost	506,514	-	506,514
Interest	2,409,463	-	2,409,463
Change of benefit terms	-	-	-
Differences between expected and actual	-	-	-
Changes of assumptions	-	-	-
Experience (gains) losses	-	-	-
Contributions - employer	-	1,238,367	(1,238,367)
Contributions - employee	-	93,018	(93,018)
Net investment income	-	378,194	(378,194)
Benefit payments, including refunds	(1,642,195)	(1,642,195)	-
Administrative expense	-	(31,272)	31,272
Net changes	<u>1,273,782</u>	<u>36,112</u>	<u>1,237,670</u>
Balance as of June 30, 2020	<u>\$ 34,822,343</u>	<u>\$ 22,376,979</u>	<u>\$ 12,445,364</u>

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Net Pension Liability *(Continued)*

Actuarial assumptions - The total pension liability for the Town Plan was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	7.25%
Projected pay increases	Varies from 0.00% to 9.34%
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	75.0%	6.40%
Core fixed income	16.0%	1.15%
High-yield fixed income	5.0%	3.65%
Cash	4.0%	0.65%
	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total pension liability of the Town Plan was 7.25%. 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.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Net Pension Liability *(Continued)*

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 7.25% 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Town Plan's net pension liability as of June 30, 2020	\$ 16,685,431	\$ 12,445,364	\$ 8,905,509

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Town recognized pension expense related to the Town Plan of \$1,855,824. At June 30, 2020, the Town reported deferred outflows and inflows of resources related to the Town Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,347,260	\$ -	\$ 1,347,260
Difference between expected and actual experience	51,194	(71,908)	(20,714)
Changes of assumptions or other inputs	95,259	(162,466)	(67,207)
Total	\$ 1,493,713	\$ (234,374)	\$ 1,259,339

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

	Amortization of Pension Expense
Year ended June 30,	
2021	\$ 128,378
2022	474,942
2023	416,491
2024	239,528
	\$ 1,259,339

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan

Plan Description

Plan administration - The Town's Board of Education administers a Retirement Plan for 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 Board of Education 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.

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, 2018, the valuation date, Pension Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	79
Terminated members entitled to, but not yet receiving benefits	24
Active members	<u>85</u>
	<u><u>188</u></u>

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, cafeteria workers, and paraprofessionals) 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 consist of synthetic group annuity contracts which are reported at contract value.

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.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

Concentrations - The Board of Education Plan's investments consist solely of investments in group annuity contracts issued through John Hancock Life Insurance Company and Principal Global Advisors.

Rate of return - For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

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

Total pension liability	\$ 17,197,012
Plan fiduciary net position	<u>16,952,065</u>
Town's net pension liability	<u><u>\$ 244,947</u></u>
Plan fiduciary net position as a percentage of the total pension liability	98.6%

The components of the change in the net pension liability of the Board of Education Plan for the year ended June 30, 2020, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance as of June 30, 2019	\$ 16,704,073	\$ 16,096,591	\$ 607,482
Changes for the year:			
Service cost	302,826	-	302,826
Interest	1,076,636	-	1,076,636
Experience (gains) losses	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	715,673	(715,673)
Net investment income	-	1,048,226	(1,048,226)
Benefit payments, including refunds	(886,523)	(886,523)	-
Administrative expense	-	(21,902)	21,902
Net changes	<u>492,939</u>	<u>855,474</u>	<u>(362,535)</u>
Balance as of June 30, 2020	<u><u>\$ 17,197,012</u></u>	<u><u>\$ 16,952,065</u></u>	<u><u>\$ 244,947</u></u>

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

Net Pension Liability *(Continued)*

Actuarial assumptions - The total pension liability for the Board of Education Plan was determined by an actuarial valuation as of September 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	6.50%
Projected pay increases	3.50%
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equities	60.0%	6.40%
Fixed Income	40.0%	1.15%
	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total Board of Education pension liability was 6.50%. 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)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

Net Pension Liability

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 6.50% 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 (5.50%) or 1- percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
BOE Plan's net pension liability as of June 30, 2020	\$ 1,953,323	\$ 244,947	\$ (1,325,667)

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Town recognized pension expense related to the Board of Education Plan of \$152,590. At June 30, 2020, the Town reported deferred outflows and inflows of resources related to the Board of Education Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ (59,764)	\$ (59,764)
Net difference between projected and actual earnings on pension plan investments	-	(182,066)	(182,066)
Changes of assumptions or other inputs	3,469	-	3,469
Total	\$ 3,469	\$ (241,830)	\$ (238,361)

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:

	Amortization of Pension Expense
Year ended June 30, 2021	\$ (287,855)
2022	1,097
2023	50,039
2024	(1,642)
	\$ (238,361)

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Money Purchase Defined Contribution Pension Plan

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 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 year ended June 30, 2020 were \$97,595 and \$48,797, respectively. Employees are 100% vested in mandatory participant contributions. Participants 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.

Tax Sheltered Annuity Defined Contribution Pension Plan

The Town’s Board of Education established a tax-sheltered annuity plan, also known as a 403(b) Plan. The Wolcott Public Schools 403(b) Plan is a type of defined contribution plan that allows for eligible employees to contribute a portion of their salary to the plan. Participant contributions are solely allowed through salary reduction and are deferred on a pre-tax basis. Employer discretionary contributions are permitted under the plan. This amount is determined uniformly with respect to each employee classification within the applicable collective bargaining agreement, if applicable. Employer contributions for the year ended June 30, 2020 were \$14,041.

Changes to the plan must be approved by resolution of the Board of Education, except for plan changes necessary to comply with changes to Code, Regulation, Revenue Ruling, and other Internal Revenue Service published statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the "State") to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

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

Benefit Provisions

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

Normal Retirement: Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Effective July 1, 1992, each teacher was required to contribute 6.0% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7.0% of pensionable salary.

Administrative Expenses

Administrative costs of the plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net pension liability at June 30, 2019 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.397% as of the most recent measurement date.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		<u>\$ 17,072,720,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.397%	<u>\$ 67,804,000</u>

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$5,132,439 or 0.397% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$8,327,547 or 0.397% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5.0% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6.0% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

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

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Return</u>	<u>Standard Deviation</u>
Public Equity - US Equity	20.0%	8.1%	17.0%
Public Equity - International Developed Equity	11.0%	8.5%	19.0%
Public Equity - Emerging Markets Equity	9.0%	10.4%	24.0%
Fixed Income - Core Fixed Income	16.0%	4.6%	7.0%
Fixed Income - Inflation Linked Bonds	5.0%	3.6%	7.0%
Fixed Income - High Yield	6.0%	6.5%	11.0%
Fixed Income - Emerging Market Debt	5.0%	5.2%	11.0%
Private Equity	10.0%	9.8%	23.0%
Real Estate	10.0%	7.0%	15.0%
Alternative Investments - Real Assets	4.0%	8.2%	17.0%
Alternative Investments - Hedge Funds	3.0%	5.4%	7.0%
Liquidity Fund	1.0%	2.9%	1.0%
	<u>100%</u>		

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the 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.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Town and Board of Education Plan Other Post-Employment Benefits Plan

Plan Description

The Town, in accordance with collective bargaining agreements, provides other post-employment benefits to certain eligible retirees, spouses and beneficiaries. The program is considered to be a single-employer defined benefit plan, which is administered by the Town. The other post-employment benefit plan (the "OPEB Plan") covers certain Town and Board of Education eligible retirees, spouses and beneficiaries. Benefit provisions are established through negotiations between the Town Council or the Board of Education and the union representing the employees and are renegotiated each three-year bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Benefits Provided

The OPEB Plan provides for medical, prescription, dental and life insurance benefits to eligible retirees, spouses and beneficiaries. All retired program members receiving benefits are required to contribute to the program, except for Medicare retirees in the Town Hall/Dispatchers union hired prior to July 1, 2005 and retirees in the Custodian union hired prior to July 1, 2002. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town's various collective bargaining agreements. Fulltime employees of the Town or Board of Education who retire from the Town are eligible if they meet the following criteria:

Town

- 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 age 50 with 25 years of service, or age 60 with 20 years of service, or age 65
- Elected officials: 15 years of service

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: 35 years of service as a Teacher with 25 in the State of Connecticut or age 60 with 20 years of service in the State of Connecticut

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan Other Post-Employment Benefits Plan *(Continued)*

Employees Covered by Benefit Terms

As of July 1, 2018, the valuation date, the following employees were covered by the benefit terms:

Retirees, beneficiaries, and dependents currently receiving benefits	167
Active participants	304
	471

Total OPEB Liability

The Town's OPEB liability reported as of June 30, 2020 totaled \$29,464,422. The total OPEB liability was measured as of July 1, 2019 and was determined by an actuarial valuation as of July 1, 2018.

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

Inflation	3.50%
Discount rate	3.50% as of July 1, 2019 3.87% as of July 1, 2018
Healthcare cost trend rates:	
Pre-65 medical	8.00% decreasing by 0.50% per year, 4.50% ultimate rate
Post-65 medical	7.00% decreasing by 0.50% per year, 4.50% ultimate rate
Dental	3.00%

The discount rate was based on the 20-year tax exempt General Obligation municipal bond index rates.

Mortality rates for Teachers and BOE Administrators' were based on the RP-2014 (adjusted back to 2006) White Collar Employee and Healthy Annuity Tables projected to 2020 using Scale BB. Mortality rates for participants other than Teachers and BOE Administrators are the RP-2014 Employee and Healthy Annuity tables (adjusted back to 2006) projected generationally using Scale MP-2018.

Assumptions regarding participation and coverage election relating to benefits provided to Teachers and Board of Education Administrators are as follows:

- 50% of active Teachers and Board of Education Administrators are assumed to elect retiree coverage;
- Of those who elect coverage, if hired before April 1, 1986, 50% of actives and pre-65 retirees are assumed to be on a non-Medicare eligible plan, 10% are assumed to elect a Medicare Supplement Plan, and 40% are assumed to elect coverage through the State of Connecticut State Teachers' Retirement System at age 65;
- Of those who elect coverage, if hired after April 1, 1986, 20% of actives and pre-65 retirees are assumed to elect a Medicare Supplement Plan, and 80% are assumed to elect coverage through the State of Connecticut State Teachers' Retirement System at age 65;
- 100% of other active employees with coverage are assumed to elect retiree coverage;
- 100% of current and future retirees with medical coverage are assumed to have life insurance coverage;
- 100% of current retirees with medical coverage are assumed to have dental coverage.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan Other Post-Employment Benefits Plan (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2019	\$ 28,055,489
Changes for the year:	
Service cost	724,895
Interest	1,095,304
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	544,656
Benefit payments	(955,922)
Net changes	1,408,933
Balance as of June 30, 2020	\$ 29,464,422

Changes of assumptions and other inputs primarily reflects a change in the discount rate from 3.87% to 3.50% and reflecting the repeal of the Excise Tax on health care plans.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Current Discount (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 33,974,068	\$ 29,464,422	\$ 25,821,168

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Total OPEB Liability	\$ 25,479,161	\$ 29,464,422	\$ 34,455,768

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan Other Post-Employment Benefits Plan *(Continued)*

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Town recognized OPEB expense of \$1,650,253. At June 30, 2020, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ (740,930)	\$ (740,930)
Changes of assumptions	2,115,634	(1,827,602)	288,032
	\$ 2,115,634	\$ (2,568,532)	\$ (452,898)

Amounts reported as deferred inflows of resources related to OPEB will be recognized as a reduction of OPEB expense as follows:

Year ended June 30,	Amortization of OPEB Expense
2021	\$ (169,946)
2022	(169,946)
2023	(169,946)
2024	(169,946)
2025	69,877
Thereafter	157,009
	\$ (452,898)

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Benefit Provisions

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

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

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employers - School District employers are not required to make contributions to the Plan.

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

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net OPEB liability at June 30, 2019 has been calculated using the audited amounts. The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.397% as of the most recent measurement date.

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,662,587,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.397%	<u>\$ 10,574,000</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$140,274 or 0.397% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled a negative \$(773,805) or 0.397% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

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

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Pre-Medicare	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate rate of 4.75% by 2028

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected 10-Year Geometric Real Rate of Return</u>	<u>Standard Deviation</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.41%	2.31%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2018.

In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate of 3.87% was used in the determination of the single equivalent rate.

NOTE 13 - RISK MANAGEMENT AND UNCERTAINTIES

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. The Town purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools. During the year ended June 30, 2020, 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. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 - RISK MANAGEMENT AND UNCERTAINTIES *(Continued)*

Risk Management (Continued)

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program.

Workers' Compensation Pool

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

Liability-Automobile-Property Pool

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

Self-Insurance

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 \$225,000 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, 2020. Claims liabilities are recorded 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, 2019 and 2020 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2019	\$ 634,724	\$ 7,472,759	\$ 7,521,574	\$ 585,909
2020	585,909	6,427,072	6,663,483	349,498

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 - RISK MANAGEMENT AND UNCERTAINTIES *(Continued)*

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.

Uncertainties - Pandemic

In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide.

On March 27, 2020, the United States Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess of \$2 trillion of relief to industries and entities throughout the country, including state and local governments. On March 28, 2020, the President of the United States approved the Governor of Connecticut's request for a disaster declaration for the State. On April 24, 2020, the United States Congress enacted legislation that provided an additional \$484 billion to replenish a small business loan program, support hospitals and expand COVID-19 testing.

The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Federal Awards and State Financial Assistance

The Town has received federal awards and state financial assistance 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, management believes such disallowances, if any, will not be material.

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund. Encumbrances are recognized as a valid and proper charge against a General Fund budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Open encumbrances as of June 30, 2020 are included in assigned fund balance.

Legal and Other

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 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.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the eighteen month postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 41,282,762	\$ 41,282,762	\$ 41,567,957	\$ 285,195
Intergovernmental	13,445,114	13,445,114	13,446,123	1,009
Charges for services	30,425	30,425	39,721	9,296
Licenses and permits	412,625	412,625	456,312	43,687
Interest income	90,000	90,000	172,067	82,067
Other	71,900	71,900	70,337	(1,563)
Total revenues	<u>55,332,826</u>	<u>55,332,826</u>	<u>55,752,517</u>	<u>419,691</u>
EXPENDITURES				
Current:				
General government	7,221,082	7,008,084	6,783,411	(224,673)
Public safety	6,438,531	6,617,866	6,513,453	(104,413)
Public works	1,643,643	1,640,644	1,585,367	(55,277)
Culture and recreation	602,813	602,813	523,553	(79,260)
Health and welfare	239,099	239,099	215,562	(23,537)
Education	35,524,031	35,524,031	34,614,578	(909,453)
Debt service:				
Principal payments	3,685,729	3,720,230	3,720,022	(208)
Interest and fiscal charges	1,152,206	1,154,367	1,154,367	-
Total expenditures	<u>56,507,134</u>	<u>56,507,134</u>	<u>55,110,313</u>	<u>(1,396,821)</u>
Excess (deficiency) of revenues over expenditures	(1,174,308)	(1,174,308)	642,204	1,816,512
OTHER FINANCING SOURCES (USES)				
Transfers in	779,308	779,308	679,308	(100,000)
Appropriation of fund balance	395,000	395,000	-	(395,000)
Total other financing sources (uses)	<u>1,174,308</u>	<u>1,174,308</u>	<u>679,308</u>	<u>(495,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,321,512</u>	<u>\$ 1,321,512</u>

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER USAGE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over (Under)</u>
REVENUES				
Sewer Usage	\$ 1,102,142	\$ 1,102,142	\$ 875,622	\$ (226,520)
Connection Fees	37,500	37,500	67,500	30,000
CD Interest	920	920	11,384	10,464
Sewer Permits and Applications	1,000	1,000	3,010	2,010
STIF Interest Sewer Usage	1,500	1,500	11,887	10,387
STIF Interest STP Upgrade	140	140	354	214
Unanticipated Revenues	-	-	920	920
Total revenues	<u>1,143,202</u>	<u>1,143,202</u>	<u>970,677</u>	<u>(172,525)</u>
EXPENDITURES				
Sewer Usage	439,523	439,523	380,364	(59,159)
Waterbury Sewer Filter Plant	171,255	171,255	171,255	-
Medical Insurance	89,890	89,890	89,890	-
Salary/Administrative	74,904	75,479	75,479	-
Wages - Operations	75,030	77,023	76,791	(232)
Capital Outlay	55,000	55,000	1,301	(53,699)
Wages - Clerical	45,040	46,158	46,158	-
Liability Insurance	22,925	22,925	22,925	-
Pension Plan	19,865	19,865	19,865	-
Part-Time Billing Clerk	21,315	22,334	22,334	-
Social Security	17,933	17,933	17,128	(805)
Maintenance - Sewer	15,000	15,000	12,023	(2,977)
Legal & Consulting Services	15,000	15,000	-	(15,000)
Operating Reserve	3,644	-	-	-
Electricity	9,900	9,900	6,675	(3,225)
In-Kind Services	7,500	7,500	7,500	-
Maintenance - Equipment	10,000	10,000	2,987	(7,013)
Wages - Part Time	6,000	6,000	6,000	-
Tele-communications	5,790	5,790	2,301	(3,489)
Gas/Diesel	6,000	6,000	4,653	(1,347)
Overtime	5,000	5,939	5,632	(307)
Other	26,688	24,688	20,039	(4,649)
Total expenditures	<u>1,143,202</u>	<u>1,143,202</u>	<u>991,300</u>	<u>(151,902)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,623)</u>	<u>\$ (20,623)</u>

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
TOWN GENERAL PENSION PLAN (UNAUDITED)
LAST SEVEN FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability							
Service cost	\$ 506,514	\$ 634,477	\$ 634,477	\$ 612,282	\$ 745,140	\$ 745,140	\$ 774,852
Interest	2,409,463	2,331,665	2,225,628	2,291,920	2,104,216	1,974,211	1,888,726
Changes in benefit terms	-	-	-	140,289	-	-	-
Differences between expected and actual experience	-	83,390	-	(1,137,220)	-	(1,339,217)	-
Changes of assumptions	-	(264,646)	-	1,506,515	-	(674,595)	(1,497,403)
Benefit payments, including refunds	(1,642,195)	(1,525,488)	(1,439,016)	(1,164,865)	(1,065,813)	(1,024,906)	(981,367)
Net change in total pension liability	1,273,782	1,259,398	1,421,089	2,248,921	1,783,543	(319,367)	184,808
Total pension liability - beginning	33,548,561	32,289,163	30,868,074	28,619,153	26,835,610	27,154,977	26,970,169
Total pension liability - ending	<u>34,822,343</u>	<u>33,548,561</u>	<u>32,289,163</u>	<u>30,868,074</u>	<u>28,619,153</u>	<u>26,835,610</u>	<u>27,154,977</u>
Plan fiduciary net position							
Contributions - employer	1,238,367	1,336,547	1,399,948	1,345,461	1,158,500	1,058,150	1,025,000
Contributions - members	93,018	97,180	103,928	114,683	119,043	107,189	92,812
Net investment income	378,194	532,881	1,668,453	2,278,742	(182,181)	1,185,216	2,814,892
Benefit payments, including refunds	(1,642,195)	(1,525,488)	(1,439,016)	(1,164,865)	(1,065,813)	(1,024,906)	(981,367)
Administrative expense	(31,272)	(59,917)	(29,526)	(55,341)	(84,969)	(102,275)	(121,809)
Net change in plan fiduciary net position	36,112	381,203	1,703,787	2,518,680	(55,420)	1,223,374	2,829,528
Plan fiduciary net position - beginning	22,340,867	21,959,664	20,255,877	17,737,197	17,792,617	16,569,243	13,739,715
Plan fiduciary net position - ending	<u>22,376,979</u>	<u>22,340,867</u>	<u>21,959,664</u>	<u>20,255,877</u>	<u>17,737,197</u>	<u>17,792,617</u>	<u>16,569,243</u>
Town's net pension liability	<u>\$ 12,445,364</u>	<u>\$ 11,207,694</u>	<u>\$ 10,329,499</u>	<u>\$ 10,612,197</u>	<u>\$ 10,881,956</u>	<u>\$ 9,042,993</u>	<u>\$ 10,585,734</u>
Plan fiduciary net position as a percentage of total pension liability	64.26%	66.59%	68.01%	65.62%	61.98%	66.30%	61.02%
Covered payroll	\$ 4,959,996	\$ 4,959,996	\$ 5,513,671	\$ 5,513,671	\$ 5,635,836	\$ 5,635,836	\$ 5,408,348
Town's net pension liability as a percentage of covered payroll	250.91%	225.96%	187.34%	192.47%	193.09%	160.46%	195.73%

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

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
TOWN GENERAL PENSION PLAN (UNAUDITED)
LAST SEVEN FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,238,367	\$ 1,336,546	\$ 1,399,948	\$ 1,345,461	\$ 1,158,247	\$ 1,058,150	\$ 1,022,367
Contributions in relation to the actuarially determined contribution	<u>1,238,367</u>	<u>1,336,547</u>	<u>1,399,948</u>	<u>1,345,461</u>	<u>1,158,500</u>	<u>1,058,150</u>	<u>1,025,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (253)</u>	<u>\$ -</u>	<u>\$ (2,633)</u>
Covered payroll	\$ 4,959,996	\$ 4,959,996	\$ 5,513,671	\$ 5,513,671	\$ 5,635,836	\$ 5,635,836	\$ 5,408,348
Contributions as a percentage of covered payroll	24.97%	26.95%	25.39%	24.40%	20.56%	18.78%	18.95%
Annual money-weighted rate of return, net of investment expense	1.71%	2.55%	8.16%	13.04%	-1.02%	7.18%	20.98%

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

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
BOARD OF EDUCATION PENSION PLAN (UNAUDITED)
LAST SEVEN FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability							
Service cost	\$ 302,826	\$ 279,024	\$ 269,588	\$ 266,565	\$ 278,025	\$ 278,025	\$ 299,308
Interest	1,076,636	1,139,751	1,100,555	1,077,943	1,019,622	992,977	947,559
Differences between expected and actual experience	-	(314,074)	-	(367,559)	-	(684,393)	-
Changes of assumptions	-	18,233	-	1,161,385	-	508,697	353,104
Benefit payments, including refunds	(886,523)	(843,977)	(795,309)	(800,602)	(760,100)	(719,995)	(670,184)
Net change in total pension liability	492,939	278,957	574,834	1,337,732	537,547	375,311	929,787
Total pension liability - beginning	16,704,073	16,425,116	15,850,282	14,512,550	13,975,003	13,599,692	12,669,905
Total pension liability - ending	17,197,012	16,704,073	16,425,116	15,850,282	14,512,550	13,975,003	13,599,692
Plan fiduciary net position							
Contributions - employer	715,673	909,674	724,012	764,343	610,934	1,226,677	557,457
Net investment income	1,048,226	810,052	1,231,080	2,086,366	202,366	788,429	1,458,383
Benefit payments, including refunds	(886,523)	(843,977)	(795,309)	(800,602)	(760,100)	(719,995)	(670,184)
Administrative expense	(21,902)	(19,998)	-	(20,581)	(19,498)	(61,684)	(57,505)
Net change in plan fiduciary net position	855,474	855,751	1,159,783	2,029,526	33,702	1,233,427	1,288,151
Plan fiduciary net position - beginning	16,096,591	15,240,840	14,081,057	12,051,531	12,017,829	10,784,402	9,496,251
Plan fiduciary net position - ending	16,952,065	16,096,591	15,240,840	14,081,057	12,051,531	12,017,829	10,784,402
Town's net pension liability	<u>\$ 244,947</u>	<u>\$ 607,482</u>	<u>\$ 1,184,276</u>	<u>\$ 1,769,225</u>	<u>\$ 2,461,019</u>	<u>\$ 1,957,174</u>	<u>\$ 2,815,290</u>
Plan fiduciary net position as a percentage of total pension liability	98.58%	96.36%	92.79%	88.84%	83.04%	86.00%	79.30%
Covered payroll	\$ 2,736,267	\$ 2,736,267	\$ 2,721,990	\$ 2,721,990	\$ 2,984,471	\$ 2,984,471	\$ 3,196,222
Town's net pension liability as a percentage of covered payroll	8.95%	22.20%	43.51%	65.00%	82.46%	65.58%	88.08%

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

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
BOARD OF EDUCATION PENSION PLAN (UNAUDITED)
LAST SEVEN FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 583,536	\$ 673,012	\$ 673,012	\$ 640,013	\$ 642,343	\$ 642,343	\$ 570,934
Contributions in relation to the actuarially determined contribution	<u>715,673</u>	<u>909,674</u>	<u>727,092</u>	<u>764,343</u>	<u>610,934</u>	<u>655,743</u>	<u>544,934</u>
Contribution deficiency (excess)	<u>\$ (132,137)</u>	<u>\$ (236,662)</u>	<u>\$ (54,080)</u>	<u>\$ (124,330)</u>	<u>\$ 31,409</u>	<u>\$ (13,400)</u>	<u>\$ 26,000</u>
Covered payroll	\$ 2,736,267	\$ 2,736,267	\$ 2,721,990	\$ 2,721,990	\$ 2,984,471	\$ 2,984,471	\$ 3,196,222
Contributions as a percentage of covered payroll	26.16%	33.25%	26.71%	28.08%	20.47%	21.97%	17.05%
Annual money-weighted rate of return, net of investment expense	6.55%	5.31%	8.74%	16.84%	1.51%	7.18%	15.11%

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

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SIX FISCAL YEARS*
(Rounded to nearest thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	67,804,000	52,281,000	54,759,000	57,772,000	46,682,000	43,148,000
Total	<u>\$ 67,804,000</u>	<u>\$ 52,281,000</u>	<u>\$ 54,759,000</u>	<u>\$ 57,772,000</u>	<u>\$ 46,682,000</u>	<u>\$ 43,148,000</u>
Town's covered payroll	\$ 17,433,000	\$ 17,163,000	\$ 17,376,000	\$ 16,748,000	\$ 17,333,000	\$ 16,707,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

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

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
OTHER POST-EMPLOYMENT BENEFITS PROGRAMS (UNAUDITED)
LAST THREE FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 724,895	\$ 758,253	\$ 888,651
Interest	1,095,304	941,186	816,041
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	(1,018,432)	-
Changes of assumptions	544,656	2,261,354	(3,068,057)
Benefit payments, including refunds	(955,922)	(837,454)	(860,811)
Net change in total OPEB liability	<u>1,408,933</u>	<u>2,104,907</u>	<u>(2,224,176)</u>
Total OPEB liability - beginning	<u>28,055,489</u>	<u>25,950,582</u>	<u>28,174,758</u>
Total OPEB liability - ending	<u>\$ 29,464,422</u>	<u>\$ 28,055,489</u>	<u>\$ 25,950,582</u>

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

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST THREE FISCAL YEARS*
(Rounded to Nearest Thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	<u>10,574,000</u>	<u>10,451,000</u>	<u>14,094,000</u>
Total	<u>\$ 10,574,000</u>	<u>\$ 10,451,000</u>	<u>\$ 14,094,000</u>
Town's covered employee payroll	\$ 17,433,000	\$ 17,163,000	\$ 17,376,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.08%	1.49%	1.79%

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS - GENERAL FUND

BUDGETARY INFORMATION

A legally adopted budget is authorized annually for the General Fund. 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. No additional appropriations were made during the year ended June 30, 2020.
- 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.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) (Continued)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS - GENERAL FUND

BUDGETARY INFORMATION (Continued)

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, 2020:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 55,752,517	\$ 55,110,313	\$ 679,308	\$ 1,321,512
"On-behalf" payments - State Teachers Retirement Fund	5,272,713	5,272,713	-	-
Adjustment for encumbrances	-	(106,351)	-	106,351
Capital lease proceeds not recorded for budgetary purposes	-	400,347	400,347	-
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	829,599	829,599	-	-
Certain transfers recorded as revenue or expenditures for budgetary purposes	(368,697)	-	368,697	-
GAAP basis	<u>\$ 61,486,132</u>	<u>\$ 61,506,621</u>	<u>\$ 1,448,352</u>	<u>\$ 1,427,863</u>

NOTE 2 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - TOWN GENERAL PENSION PLAN

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of January 1, 2019. The January 1, 2019 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2020. This information is utilized by the Town for reporting as of June 30, 2020.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - There have been no assumption changes that have had a significant effect on the measurement of the Town’s total pension liability.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN GENERAL PENSION PLAN

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contribution rates are calculated as of January 1, prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

Actuarial cost method :	Entry Age Actuarial Cost Method
Amortization method:	Amortization assuming 3.50% per year increase, closed
Remaining amortization period:	20 years remaining as of valuation date
Asset valuation method:	Market value
Inflation:	2.50%
Investment rate of return:	7.25%, net of pension plan investment expense, including inflation
Salary increases:	Varies by age and position
Retirement age:	Age 65

Mortality rates were based on RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant tables projected generationally with Scale MP-2018 for Healthy and on RP-2014 (adjusted back to 2006) Disabled Retiree table projected generationally with Scale MP-2018 for Disabled.

NOTE 4 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - BOARD OF EDUCATION PLAN

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of September 1, 2018. The September 1, 2018 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2020. This information is utilized by the Town for reporting as of June 30, 2020.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - There have been no assumption changes that have had a significant effect on the measurement of the total pension liability.

NOTE 5 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - BOARD OF EDUCATION PLAN

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - BOARD OF EDUCATION PLAN *(Continued)*

Actuarially determined contribution rates are calculated as of September 1, prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

Actuarial cost method:	Entry Age Actuarial Cost Method
Amortization method:	Level dollar amount, closed
Remaining amortization period:	16 years as of September 1, 2018
Asset valuation method:	Market value
Inflation:	2.00%
Investment rate of return:	6.50%
Salary increases:	3.50%
Retirement age:	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

Mortality rates were based on RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Tables projected generationally with Scale MP-2018.

NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years. Information prior to fiscal year 2015 is not available.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

Benefit changes - Beginning January 1, 2018, member contributions increased from 6.0% to 7.0% of salary.

Assumption changes - The following significant assumptions had a significant effect on the measurement of the total pension liability reported as of June 30, 2020.

- the inflation assumption was reduced from 2.75% to 2.50%;
- the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.00% to 6.90%;
- the annual rate of wage increase assumption was increased from 0.50% to 0.75%; and
- phase in to a level dollar amortization method for the June 30, 2024 valuation.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2018. The July 1, 2018 actuarial valuation was rolled forward to the most recent measurement date of July 1, 2019. This information is utilized by the Town for reporting as of June 30, 2020.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption changes - The following significant assumptions had a significant effect on the measurement of the total OPEB liability reported as of June 30, 2020.

- the discount rate was decreased from 3.87% as of July 1, 2018 to 3.50% as of July 1, 2019; and
- the excise tax on health care plans is no longer valued due to the repeal of this tax effective December 20, 2019.

NOTE 8 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

Benefit Changes - The Plan was amended by the Board to include a new prescription drug plan, effective January 1, 2019.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2019:

- The discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019; and
- The expected rate of inflation was decreased, and the Real Wage Growth assumption was increased.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
PROPERTY TAXES				
Current levy	\$ 40,536,262	\$ 40,536,262	\$ 40,530,077	\$ (6,185)
Prior year levies	500,000	500,000	669,338	169,338
Interest and lien fees	240,000	240,000	362,596	122,596
Credit card collections	6,500	6,500	5,946	(554)
Total property taxes	<u>41,282,762</u>	<u>41,282,762</u>	<u>41,567,957</u>	<u>285,195</u>
INTERGOVERNMENTAL REVENUES				
Education equalization grant	12,589,693	12,589,693	12,574,214	(15,479)
School bonded projects - principal	343,376	343,376	343,376	-
School bonded projects - interest	25,321	25,321	25,321	-
Municipal aid adjustment grant	234,916	234,916	234,916	-
Municipal stabilization grant	136,938	136,938	136,938	-
Pequot grant	16,939	16,939	16,939	-
Medicare reimbursement	60,000	60,000	73,443	13,443
Veterans tax relief	19,391	19,391	22,066	2,675
Regional Water Authority - PILOT Program	10,426	10,426	10,730	304
Adult education	4,545	4,545	4,646	101
Totally disabled tax relief	2,429	2,429	2,394	(35)
Payment in lieu of taxes: state-owned property	1,140	1,140	1,140	-
Total intergovernmental revenues	<u>13,445,114</u>	<u>13,445,114</u>	<u>13,446,123</u>	<u>1,009</u>
CHARGES FOR SERVICES				
Special education - tuition	-	-	12,639	12,639
Records money	800	800	971	171
Parks and recreation	14,000	14,000	9,734	(4,266)
Zoning board of appeals	1,000	1,000	-	(1,000)
Rainbow day camp fees	1,500	1,500	2,075	575
Solicitor and vendor permits	75	75	145	70
Inland wetlands permits	1,000	1,000	2,117	1,117
Parking tickets	50	50	40	(10)
In-kind services	12,000	12,000	12,000	-
Total charges for services	<u>30,425</u>	<u>30,425</u>	<u>39,721</u>	<u>9,296</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
LICENSES AND PERMITS				
Town clerk	\$ 235,000	\$ 235,000	\$ 253,867	\$ 18,867
Planning and zoning	15,000	15,000	14,411	(589)
Building permits	115,000	115,000	137,015	22,015
Recycling permits	38,000	38,000	44,144	6,144
Blasting permits	500	500	475	(25)
Police department permits	9,125	9,125	6,400	(2,725)
Total licenses and permits	<u>412,625</u>	<u>412,625</u>	<u>456,312</u>	<u>43,687</u>
INTEREST INCOME	<u>90,000</u>	<u>90,000</u>	<u>172,067</u>	<u>82,067</u>
OTHER REVENUES				
Library fines	9,000	9,000	5,479	(3,521)
False alarm fines	400	400	575	175
Vital statistics	-	-	48	48
Telephone access grant	25,000	25,000	24,919	(81)
Pavilion	2,500	2,500	1,825	(675)
Unanticipated revenues	35,000	35,000	37,491	2,491
Total other revenues	<u>71,900</u>	<u>71,900</u>	<u>70,337</u>	<u>(1,563)</u>
OTHER FINANCING SOURCES				
Transfers in:				
Water Assessment Fund	369,700	369,700	369,700	-
Farmingbury Golf Course	62,739	62,739	62,739	-
Capital Improvement Fund	346,869	346,869	246,869	(100,000)
Appropriation of fund balance	395,000	395,000	-	(395,000)
Total other financing sources	<u>1,174,308</u>	<u>1,174,308</u>	<u>679,308</u>	<u>(495,000)</u>
Total revenues and other financing sources	<u>\$ 56,507,134</u>	<u>\$ 56,507,134</u>	<u>\$ 56,431,825</u>	<u>\$ (75,309)</u>

(Concluded)

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT				
Mayor's office	\$ 234,744	\$ 234,744	\$ 234,710	\$ (34)
Treasurer's office	136,919	134,672	130,507	(4,165)
Finance office	327,202	344,450	343,875	(575)
Town council	78,850	78,850	72,481	(6,369)
Town clerk	201,483	201,483	199,593	(1,890)
Tax collector	191,432	191,432	183,958	(7,474)
Assessor	288,350	288,350	252,118	(36,232)
Board of assessment appeals	4,310	4,310	3,085	(1,225)
Building inspector	75,253	75,253	74,540	(713)
Planning and zoning	96,677	96,677	96,036	(641)
Inland/Wetlands conservation	8,050	8,050	4,365	(3,685)
Industrial development	3,750	3,750	3,550	(200)
Zoning board of appeals	2,540	2,540	1,256	(1,284)
Registrar of voters	80,320	80,320	62,986	(17,334)
Other general government:				
Wages	271,896	280,554	280,363	(191)
Benefits and insurance	2,540,355	2,311,926	2,294,359	(17,567)
Refuse and recycling	1,800,640	1,825,802	1,808,502	(17,300)
Legal and consulting	130,000	100,006	67,245	(32,761)
Tri-Town Health District	160,885	160,885	160,885	-
Street lighting	47,000	47,000	44,836	(2,164)
Other	540,426	537,030	464,161	(72,869)
Total general government	<u>7,221,082</u>	<u>7,008,084</u>	<u>6,783,411</u>	<u>(224,673)</u>
PUBLIC SAFETY				
Police department	4,099,660	4,067,099	4,013,565	(53,534)
Public safety	454,396	458,613	454,857	(3,756)
Animal control officer	97,480	86,159	78,334	(7,825)
Public safety building	114,895	114,895	111,278	(3,617)
Fire department	675,650	675,650	653,569	(22,081)
Fire marshal	50,177	50,177	47,020	(3,157)
Civil preparedness	24,879	24,879	15,867	(9,012)
Emergency planning commission	32,058	32,058	30,662	(1,396)
Volunteer ambulance	889,336	1,108,336	1,108,301	(35)
Total public safety	<u>6,438,531</u>	<u>6,617,866</u>	<u>6,513,453</u>	<u>(104,413)</u>

(Continued)

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC WORKS				
Highways and streets	\$ 1,643,643	\$ 1,640,644	\$ 1,585,367	\$ (55,277)
CULTURE AND RECREATION				
Parks and recreation	177,135	177,135	141,573	(35,562)
Library	425,678	425,678	381,980	(43,698)
Total culture and recreation	<u>602,813</u>	<u>602,813</u>	<u>523,553</u>	<u>(79,260)</u>
HEALTH AND WELFARE				
Commission on aging	189,419	189,419	173,162	(16,257)
Commission for special needs	49,680	49,680	42,400	(7,280)
Total health and welfare	<u>239,099</u>	<u>239,099</u>	<u>215,562</u>	<u>(23,537)</u>
BOARD OF EDUCATION	<u>35,524,031</u>	<u>35,524,031</u>	<u>34,614,578</u>	<u>(909,453)</u>
DEBT SERVICE				
Principal	3,685,729	3,720,230	3,720,022	(208)
Interest	1,152,206	1,154,367	1,154,367	-
Total debt service	<u>4,837,935</u>	<u>4,874,597</u>	<u>4,874,389</u>	<u>(208)</u>
Total expenditures	<u>\$ 56,507,134</u>	<u>\$ 56,507,134</u>	<u>\$ 55,110,313</u>	<u>\$ (1,396,821)</u>
				<i>(Concluded)</i>

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2020

Grand List Year	Balance Uncollected June 30, 2019	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2020
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2018	\$ -	\$ 41,632,949	\$ 36,188	\$ 119,974	\$ -	\$ 41,549,163	\$ 40,551,046	\$ 120,587	\$ 40,671,633	\$ 998,117
2017	904,673	-	665	25,539	-	879,799	370,963	98,406	469,369	508,836
2016	474,653	-	840	12,360	-	463,133	137,390	62,077	199,467	325,743
2015	258,815	-	-	2,040	309	256,466	71,605	35,333	106,938	184,861
2014	157,840	-	-	603	13,664	143,573	32,854	17,985	50,839	110,719
2013	41,777	-	-	82	36,666	5,029	2,737	11,993	14,730	2,292
2012	2,395	-	-	-	1,653	742	-	6,197	6,197	742
2011	2,279	-	-	-	1,648	631	-	5,943	5,943	631
2010	-	-	-	-	-	-	-	5,364	5,364	-
2009	-	-	-	-	-	-	-	578	578	-
2008	-	-	-	-	-	-	-	1,111	1,111	-
2007	-	-	-	-	-	-	-	667	667	-
2006	-	-	-	-	-	-	-	716	716	-
2005	-	-	-	-	-	-	-	72	72	-
2004	-	-	-	-	-	-	-	15	15	-
	<u>\$ 1,842,432</u>	<u>\$ 41,632,949</u>	<u>\$ 37,693</u>	<u>\$ 160,598</u>	<u>\$ 53,940</u>	<u>\$ 43,298,536</u>	<u>\$ 41,166,595</u>	<u>\$ 367,044</u>	<u>\$ 41,533,639</u>	<u>\$ 2,131,941</u>

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
AS OF JUNE 30, 2020

Total cash collections for the year ended
June 30, 2020:

Taxes	\$ 41,166,595
Interest and lien fees	367,044
Total	<u>41,533,639</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	24,460
--------------------------	--------

Base	<u>\$ 41,558,099</u>
------	----------------------

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 93,505,723	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	187,011,446	-	-	-
3-3/4 times base	-	-	155,842,871	-	-
3-1/4 times base	-	-	-	135,063,822	-
3 times base	-	-	-	-	124,674,297
Total debt limitation	<u>93,505,723</u>	<u>187,011,446</u>	<u>155,842,871</u>	<u>135,063,822</u>	<u>124,674,297</u>
Indebtedness:					
Bonds payable*	27,042,800	4,958,995	-	-	-
Total indebtedness	<u>27,042,800</u>	<u>4,958,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 66,462,923</u>	<u>\$ 182,052,451</u>	<u>\$ 155,842,871</u>	<u>\$ 135,063,822</u>	<u>\$ 124,674,297</u>
Total capacity of borrowing (7 times base)	\$ 290,906,693				
Total present indebtedness	<u>32,001,795</u>				
Margin for additional borrowing	<u>\$ 258,904,898</u>				

* In accordance with State Statutes, bonds payable issued for the supply of water totaling \$1,308,205 are excluded from indebtedness.

CAPITAL IMPROVEMENT FUND

TOWN OF WOLCOTT, CONNECTICUT
PROJECT STATUS SUMMARY
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Fund Balance June 30, 2019	Revenues				Expenditures			Transfers In (Out)	Fund Balance June 30, 2020
		Bond/BAN Proceeds	Intergovernmental Revenue	Investment Income	BAN Premium	Capital Outlays	Repayment of Bond Anticipation Notes	Interest and Debt Issuance Costs		
Current Capital Bonding Projects										
Various Capital Projects - Phase III	\$ 17,964	\$ -	\$ -	\$ -	\$ -	\$ 1,645	\$ -	\$ -	\$ -	\$ 16,319
Various Capital Projects - Phase IV	211,402	-	-	-	-	2	-	-	(211,400)	-
Various Capital Projects - Phase V	1,775,925	6,845,000	129,660	21,130	457,196	1,634,893	6,845,000	173,873	(35,469)	539,676
Total	<u>\$ 2,005,291</u>	<u>\$ 6,845,000</u>	<u>\$ 129,660</u>	<u>\$ 21,130</u>	<u>\$ 457,196</u>	<u>\$ 1,636,540</u>	<u>\$ 6,845,000</u>	<u>\$ 173,873</u>	<u>\$ (246,869)</u>	<u>\$ 555,995</u>

TOWN OF WOLCOTT, CONNECTICUT
CAPITAL PROJECTS AUTHORIZATIONS
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2020

<u>Capital Project</u>	<u>Authorization</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance - June 30, 2020</u>
Todd Road LOTCIP Grant	\$ 2,552,832	\$ 2,310,967	\$ -	\$ 241,865
Various Capital Projects III				
Walking trail at Scovill Reservoir	350,000	342,136	-	7,864
Various Capital Projects V				
Finance/Bonding Legal/Insurance	97,000	97,000	-	-
Senior Center Improvements	171,700	171,700	-	-
Fire Department Breathing Apparatus & Related Equipment	838,613	798,291	-	40,322
Reconstruction/Repair Road - Phase III	5,050,000	5,003,139	-	46,861
Central Office Renovation Alcott	212,773	206,577	-	6,196
Fuel Oil Tank for Alcott School	167,110	167,110	-	-
Total	<u>\$ 9,440,028</u>	<u>\$ 9,096,920</u>	<u>\$ -</u>	<u>\$ 343,108</u>

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF WOLCOTT, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

	Nonmajor Special Revenue Funds							
	Farmingbury Hills Country Club Fund	Acquired Facilities Woodtick Recreation Area	Water Assessments Fund	Police Department Asset Forfeiture Fund	Police Donations Fund	Miscellaneous Grants Fund	Sewer Assessment Fund	Water Usage Fund
ASSETS								
Cash and cash equivalents	\$ 1,766	\$ 140,016	\$ 689,404	\$ 879	\$ 9,795	\$ 622,403	\$ 207,777	\$ 524,450
Investments	-	-	-	-	-	-	-	251,616
Receivables:								
Grants and contracts	-	-	-	-	-	39,140	-	-
Assessments, net	-	-	944,003	-	-	-	11,029	-
Usage fees, net	-	-	-	-	-	-	-	110,208
Other	25,638	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	5	-
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 27,404</u>	<u>\$ 140,016</u>	<u>\$ 1,633,407</u>	<u>\$ 879</u>	<u>\$ 9,795</u>	<u>\$ 661,543</u>	<u>\$ 218,811</u>	<u>\$ 886,274</u>
LIABILITIES								
Accounts payable and accrued liabilities	\$ -	\$ 3,316	\$ -	\$ -	\$ -	\$ 68,274	\$ -	\$ 249,475
Due to other funds	27,404	7,519	-	-	-	59,102	-	4,964
Unearned revenue	-	250	-	-	-	507,160	-	-
Advances from other fund	665,708	-	-	-	-	-	-	-
Total liabilities	<u>693,112</u>	<u>11,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>634,536</u>	<u>-</u>	<u>254,439</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	-	-	944,003	-	-	-	11,029	80,492
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>944,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,029</u>	<u>80,492</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	879	9,795	27,007	-	-
Committed	-	128,931	689,404	-	-	-	207,782	551,343
Unassigned	(665,708)	-	-	-	-	-	-	-
Total fund balances	<u>(665,708)</u>	<u>128,931</u>	<u>689,404</u>	<u>879</u>	<u>9,795</u>	<u>27,007</u>	<u>207,782</u>	<u>551,343</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,404</u>	<u>\$ 140,016</u>	<u>\$ 1,633,407</u>	<u>\$ 879</u>	<u>\$ 9,795</u>	<u>\$ 661,543</u>	<u>\$ 218,811</u>	<u>\$ 886,274</u>

(Continued)

TOWN OF WOLCOTT, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2020

	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	LOCIP Land Preservation Fund	Police Private Duty Fund
ASSETS								
Cash and cash equivalents	\$ 47,293	\$ 48,747	\$ 120,385	\$ 6,374	\$ 2,004	\$ 58,333	\$ 38,834	\$ 125,807
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	147,995	22,924	-	-	-	-	-
Assessments, net	-	-	-	-	-	-	-	-
Usage fees, net	-	-	-	-	-	-	-	-
Other	5,890	-	15,806	-	2,300	-	438	56,755
Due from other funds	-	-	133,358	-	-	-	-	-
Inventories	-	-	22,365	-	-	-	-	-
Total assets	<u>\$ 53,183</u>	<u>\$ 196,742</u>	<u>\$ 314,838</u>	<u>\$ 6,374</u>	<u>\$ 4,304</u>	<u>\$ 58,333</u>	<u>\$ 39,272</u>	<u>\$ 182,562</u>
LIABILITIES								
Accounts payable and accrued liabilities	\$ 7,230	\$ 37,078	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,113
Due to other funds	-	133,358	-	-	-	-	-	9,044
Unearned revenue	-	-	31,876	-	2,300	-	-	-
Advances from other fund	-	-	-	-	-	-	-	-
Total liabilities	<u>7,230</u>	<u>170,436</u>	<u>31,876</u>	<u>-</u>	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>54,157</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	22,365	-	-	-	-	-
Restricted	45,953	26,306	260,597	-	-	58,333	39,272	-
Committed	-	-	-	6,374	2,004	-	-	128,405
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>45,953</u>	<u>26,306</u>	<u>282,962</u>	<u>6,374</u>	<u>2,004</u>	<u>58,333</u>	<u>39,272</u>	<u>128,405</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 53,183</u>	<u>\$ 196,742</u>	<u>\$ 314,838</u>	<u>\$ 6,374</u>	<u>\$ 4,304</u>	<u>\$ 58,333</u>	<u>\$ 39,272</u>	<u>\$ 182,562</u>

(Continued)

TOWN OF WOLCOTT, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2020

	Nonmajor Special Revenue Funds					Total Nonmajor Special Revenue Funds
	Insurance Claims Fund	Senior Center Fund	BOE Summer Studies Fund	BOE Latch Key Program Fund	Town Aid Road Fund	
ASSETS						
Cash and cash equivalents	\$ 81,275	\$ 13,786	\$ 6,447	\$ 93,893	\$ 318,666	\$ 3,158,334
Investments	-	-	-	-	-	251,616
Receivables:						
Grants and contracts	-	-	-	-	-	210,059
Assessments, net	-	-	-	-	-	955,032
Usage fees, net	-	-	-	-	-	110,208
Other	-	-	-	-	-	106,827
Due from other funds	-	-	-	-	-	133,363
Inventories	-	-	-	-	-	22,365
Total assets	<u>\$ 81,275</u>	<u>\$ 13,786</u>	<u>\$ 6,447</u>	<u>\$ 93,893</u>	<u>\$ 318,666</u>	<u>\$ 4,947,804</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 989	\$ -	\$ -	\$ -	\$ 31,038	\$ 442,513
Due to other funds	-	-	-	-	-	241,391
Unearned revenue	-	-	-	-	-	541,586
Advances from other fund	-	-	-	-	-	665,708
Total liabilities	<u>989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,038</u>	<u>1,891,198</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	-	-	-	-	1,035,524
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,035,524</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	22,365
Restricted	-	-	-	-	287,628	755,770
Committed	80,286	13,786	6,447	93,893	-	1,908,655
Unassigned	-	-	-	-	-	(665,708)
Total fund balances	<u>80,286</u>	<u>13,786</u>	<u>6,447</u>	<u>93,893</u>	<u>287,628</u>	<u>2,021,082</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 81,275</u>	<u>\$ 13,786</u>	<u>\$ 6,447</u>	<u>\$ 93,893</u>	<u>\$ 318,666</u>	<u>\$ 4,947,804</u>

(Continued)

TOWN OF WOLCOTT, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2020

	Nonmajor Capital Project Funds			Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
	Capital and Nonrecurring Fund	Local Capital Improvement Program Fund	Total Nonmajor Capital Project Funds	Debt Service Reserve Fund	
ASSETS					
Cash and cash equivalents	\$ 853	\$ -	\$ 853	\$ -	\$ 3,159,187
Investments	-	-	-	-	251,616
Receivables:					
Grants and contracts	-	7,356	7,356	-	217,415
Assessments, net	-	-	-	-	955,032
Usage fees, net	-	-	-	-	110,208
Other	-	-	-	-	106,827
Due from other funds	-	-	-	486,958	620,321
Inventories	-	-	-	-	22,365
Total assets	<u>\$ 853</u>	<u>\$ 7,356</u>	<u>\$ 8,209</u>	<u>\$ 486,958</u>	<u>\$ 5,442,971</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 442,513
Due to other funds	-	7,356	7,356	-	248,747
Unearned revenue	-	-	-	-	541,586
Advances from other fund	-	-	-	-	665,708
Total liabilities	<u>-</u>	<u>7,356</u>	<u>7,356</u>	<u>-</u>	<u>1,898,554</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	1,035,524
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,035,524</u>
FUND BALANCES					
Nonspendable	-	-	-	-	22,365
Restricted	-	-	-	-	755,770
Committed	853	-	853	486,958	2,396,466
Unassigned	-	-	-	-	(665,708)
Total fund balances	<u>853</u>	<u>-</u>	<u>853</u>	<u>486,958</u>	<u>2,508,893</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 853</u>	<u>\$ 7,356</u>	<u>\$ 8,209</u>	<u>\$ 486,958</u>	<u>\$ 5,442,971</u>

(Concluded)

TOWN OF WOLCOTT, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Nonmajor Special Revenue Funds							
	Farmingbury Hills Country Club Fund	Acquired Facilities Woodtick Recreation Area	Water Assessments Fund	Police Department Asset Forfeiture Fund	Police Donations Fund	Miscellaneous Grants Fund	Sewer Assessment Fund	Water Usage Fund
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ 879	\$ -	\$ 2,198,054	\$ -	\$ -
Charges for services	333,824	92,361	151,976	-	-	-	-	442,457
Interest income	-	-	-	-	-	241	-	6,925
Other	-	-	-	-	3,567	1,335	-	16,027
Total revenues	<u>333,824</u>	<u>92,361</u>	<u>151,976</u>	<u>879</u>	<u>3,567</u>	<u>2,199,630</u>	<u>-</u>	<u>465,409</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	57,336	-	-
Public safety	-	-	-	-	3,574	39,689	-	-
Public works	-	-	-	-	-	-	-	386,022
Culture and recreation	355,774	102,328	-	-	-	2,396	-	-
Health and welfare	-	-	-	-	-	5,045	-	-
Education	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	2,183,220	-	-
Debt service:								
Principal payments	31,895	-	-	-	-	-	-	-
Interest and fiscal charges	3,906	-	-	-	-	-	-	-
Total expenditures	<u>391,575</u>	<u>102,328</u>	<u>-</u>	<u>-</u>	<u>3,574</u>	<u>2,287,686</u>	<u>-</u>	<u>386,022</u>
Excess (deficiency) of revenues over expenditures	(57,751)	(9,967)	151,976	879	(7)	(88,056)	-	79,387
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(62,739)	-	(369,700)	-	-	-	-	-
Total other financing sources (uses)	<u>(62,739)</u>	<u>-</u>	<u>(369,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(120,490)	(9,967)	(217,724)	879	(7)	(88,056)	-	79,387
Fund balances - beginning	<u>(545,218)</u>	<u>138,898</u>	<u>907,128</u>	<u>-</u>	<u>9,802</u>	<u>115,063</u>	<u>207,782</u>	<u>471,956</u>
Fund balances - ending	<u>\$ (665,708)</u>	<u>\$ 128,931</u>	<u>\$ 689,404</u>	<u>\$ 879</u>	<u>\$ 9,795</u>	<u>\$ 27,007</u>	<u>\$ 207,782</u>	<u>\$ 551,343</u>

(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, 2020

	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	LOCIP Land Preservation Fund	Police Private Duty Fund
REVENUES								
Intergovernmental	\$ -	\$ 1,398,159	\$ 377,815	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	24,634	5,575	410,367	-	-	-	5,745	462,988
Interest income	-	4	424	-	31	808	-	-
Other	30,557	-	-	1,011	-	5,000	-	-
Total revenues	<u>55,191</u>	<u>1,403,738</u>	<u>788,606</u>	<u>1,011</u>	<u>31</u>	<u>5,808</u>	<u>5,745</u>	<u>462,988</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	2,289
Public safety	49,745	-	-	-	-	-	-	345,848
Public works	-	-	-	-	-	-	-	-
Culture and recreation	2,562	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Education	-	1,263,744	961,917	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	91,125
Debt service:								
Principal payments	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>52,307</u>	<u>1,263,744</u>	<u>961,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>439,262</u>
Excess (deficiency) of revenues over expenditures	2,884	139,994	(173,311)	1,011	31	5,808	5,745	23,726
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	133,358	-	-	-	-	-
Transfers out	-	(133,358)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(133,358)</u>	<u>133,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,884	6,636	(39,953)	1,011	31	5,808	5,745	23,726
Fund balances - beginning	<u>43,069</u>	<u>19,670</u>	<u>322,915</u>	<u>5,363</u>	<u>1,973</u>	<u>52,525</u>	<u>33,527</u>	<u>104,679</u>
Fund balances - ending	<u>\$ 45,953</u>	<u>\$ 26,306</u>	<u>\$ 282,962</u>	<u>\$ 6,374</u>	<u>\$ 2,004</u>	<u>\$ 58,333</u>	<u>\$ 39,272</u>	<u>\$ 128,405</u>

(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, 2020

	Nonmajor Special Revenue Funds					Total Nonmajor Special Revenue Funds
	Insurance Claims Fund	Senior Center Fund	BOE Summer Studies Fund	BOE Latch Key Program Fund	Town Aid Road Fund	
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 301,999	\$ 4,276,906
Charges for services	-	-	16,262	239,601	-	2,185,790
Interest income	-	-	17	97	-	8,547
Other	124,132	3,425	-	-	-	185,054
Total revenues	<u>124,132</u>	<u>3,425</u>	<u>16,279</u>	<u>239,698</u>	<u>301,999</u>	<u>6,656,297</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	59,625
Public safety	-	-	-	-	-	438,856
Public works	39,679	-	-	-	159,701	585,402
Culture and recreation	-	-	-	-	-	463,060
Health and welfare	-	719	-	-	-	5,764
Education	-	-	47,277	350,170	-	2,623,108
Capital outlays	10,445	-	-	-	61,767	2,346,557
Debt service:						
Principal payments	-	-	-	-	-	31,895
Interest and fiscal charges	-	-	-	-	-	3,906
Total expenditures	<u>50,124</u>	<u>719</u>	<u>47,277</u>	<u>350,170</u>	<u>221,468</u>	<u>6,558,173</u>
Excess (deficiency) of revenues over expenditures	74,008	2,706	(30,998)	(110,472)	80,531	98,124
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	133,358
Transfers out	-	-	-	-	-	(565,797)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(432,439)</u>
Net change in fund balances	74,008	2,706	(30,998)	(110,472)	80,531	(334,315)
Fund balances - beginning	6,278	11,080	37,445	204,365	207,097	2,355,397
Fund balances - ending	<u>\$ 80,286</u>	<u>\$ 13,786</u>	<u>\$ 6,447</u>	<u>\$ 93,893</u>	<u>\$ 287,628</u>	<u>\$ 2,021,082</u>

(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, 2020

	Nonmajor Capital Project Fund		Nonmajor Debt Service Fund		Total Nonmajor Governmental Funds
	Capital and Nonrecurring Fund	Local Capital Improvement Program Fund	Total Nonmajor Capital Project Funds	Debt Service Reserve Fund	
REVENUES					
Intergovernmental	\$ -	\$ 38,018	\$ 38,018	\$ -	\$ 4,314,924
Charges for services	-	-	-	-	2,185,790
Interest income	13	-	13	-	8,560
Other	-	-	-	-	185,054
Total revenues	<u>13</u>	<u>38,018</u>	<u>38,031</u>	<u>-</u>	<u>6,694,328</u>
EXPENDITURES					
Current:					
General government	-	7,766	7,766	-	67,391
Public safety	-	-	-	-	438,856
Public works	-	-	-	-	585,402
Culture and recreation	-	-	-	-	463,060
Health and welfare	-	-	-	-	5,764
Education	-	-	-	-	2,623,108
Capital outlays	-	30,252	30,252	-	2,376,809
Debt service:					
Principal payments	-	-	-	-	31,895
Interest and fiscal charges	-	-	-	-	3,906
Total expenditures	<u>-</u>	<u>38,018</u>	<u>38,018</u>	<u>-</u>	<u>6,596,191</u>
Excess (deficiency) of revenues over expenditures	13	-	13	-	98,137
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	133,358
Transfers out	-	-	-	(368,697)	(934,494)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(368,697)</u>	<u>(801,136)</u>
Net change in fund balances	13	-	13	(368,697)	(702,999)
Fund balances - beginning	840	-	840	855,655	3,211,892
Fund balances - ending	<u>\$ 853</u>	<u>\$ -</u>	<u>\$ 853</u>	<u>\$ 486,958</u>	<u>\$ 2,508,893</u>

(Concluded)

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - WATER ASSESSMENTS FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Water Assessment Phase 5	\$ 12,700	\$ 12,700	\$ 8,358	\$ (4,342)
Water Assessment Phase 6	12,000	12,000	7,645	(4,355)
Water Assessment Phase 7	150,000	150,000	132,720	(17,280)
Water Assessment Phase 8	5,000	5,000	3,253	(1,747)
Total revenues	<u>179,700</u>	<u>179,700</u>	<u>151,976</u>	<u>(27,724)</u>
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	190,000	190,000	-	(190,000)
Transfer to GF - Clinton Hill Water Principal	(193,000)	(193,000)	(193,000)	-
Transfer to GF - Clinton Hill Water Interest	(45,700)	(45,700)	(45,700)	-
Transfer to GF - Water Bond Refunding 2010 - Principal	(11,000)	(11,000)	(11,000)	-
Transfer to GF - Water Bond Refunding 2010 - Interest	(120,000)	(120,000)	(120,000)	-
Total other financing sources (uses)	<u>(179,700)</u>	<u>(179,700)</u>	<u>(369,700)</u>	<u>(190,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (217,724)</u>	<u>\$ (217,724)</u>

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER ASSESSMENTS FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sewer Phase III	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balances	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - WATER USAGE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over (Under)</u>
REVENUES				
Water Usage	\$ 404,536	\$ 404,536	\$ 402,255	\$ (2,281)
Water Meter Set-Up Parts	11,000	11,000	12,992	1,992
Unanticipated Revenues	5,000	5,000	16,027	11,027
Water Connection Revenues	18,000	18,000	24,100	6,100
Water Permits and Applications	1,000	1,000	3,110	2,110
CD Interest	900	900	6,925	6,025
Total revenues	<u>440,436</u>	<u>440,436</u>	<u>465,409</u>	<u>24,973</u>
EXPENDITURES				
Water Usage	240,000	240,000	230,462	(9,538)
Electricity	27,000	27,000	23,572	(3,428)
Medical Insurance	22,475	22,475	22,475	-
Water Meter Set-Up Parts	17,700	17,700	12,177	(5,523)
Salary/Administrative	18,726	18,870	18,870	-
Wages - Operations	18,625	19,170	19,170	-
Maintenance - Water	20,000	20,000	8,834	(11,166)
Testing Costs	15,574	15,574	6,778	(8,796)
Capital Outlay	7,000	7,000	-	(7,000)
Wages - Clerical	12,765	12,861	12,676	(185)
Tele-Communications	6,950	6,950	3,211	(3,739)
Liability Insurance	6,220	6,220	6,220	-
Pension Plan	4,965	4,965	4,965	-
Social Security	4,030	4,030	3,892	(138)
Workers Compensation Ins	1,825	1,825	1,825	-
In-Kind Services	2,100	2,100	2,100	-
Legal & Consulting Services	2,000	2,000	-	(2,000)
Part-Time Engineer & Architect	1,744	1,744	1,744	-
In-Service Training	1,500	1,500	-	(1,500)
Operating Reserve	785	-	-	-
Postage	1,300	1,300	1,300	-
QDS Assessment Support	1,284	1,284	1,197	(87)
QDS Bill Prep	1,148	1,148	1,148	-
Fuel, Heating	550	550	91	(459)
Bank Service Fees	850	850	782	(68)
Office Supplies	750	750	525	(225)
Dues and Fees	2,400	2,400	1,838	(562)
Group Life Insurance	170	170	170	-
Total expenditures	<u>440,436</u>	<u>440,436</u>	<u>386,022</u>	<u>(54,414)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,387</u>	<u>\$ 79,387</u>

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - ACQUIRED FACILITIES FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over (Under)</u>
REVENUES				
Gate Receipts	\$ 52,706	\$ 52,706	\$ 62,225	\$ 9,519
Funds Carried Forward	37,000	37,000	-	(37,000)
Rental of Facilities	17,000	17,000	10,825	(6,175)
Food Sales	15,460	15,460	12,311	(3,149)
Security Deposits	4,000	4,000	4,000	-
Housing Rental Income	3,000	3,000	3,000	-
Total revenues	<u>129,166</u>	<u>129,166</u>	<u>92,361</u>	<u>(36,805)</u>
EXPENDITURES				
Wages - Operations	40,731	42,272	42,272	-
Salary/Administrative	16,860	16,860	16,851	(9)
Capital Outlays	20,285	20,285	6,326	(13,959)
Snack Bar Supplies	9,500	9,500	6,652	(2,848)
Maintenance & Repair - Building	9,000	8,965	4,348	(4,617)
Maintenance - Equipment	5,500	5,500	4,296	(1,204)
Maintenance - Dam/Reservoirs	5,000	1,848	-	(1,848)
Social Security	4,415	4,523	4,523	-
Picnic Refunds	4,000	5,200	5,200	-
Legal & Consulting Services	500	500	-	(500)
Heat and Light	3,375	3,375	2,963	(412)
Liability Insurance	2,870	2,870	2,870	-
Operation Expense	2,400	2,738	2,738	-
Maintenance Supplies	1,200	1,200	367	(833)
Workers Compensation Ins	2,280	2,280	2,280	-
Office Supplies	700	700	92	(608)
In-Kind Services	400	400	400	-
Tele-Communications	150	150	150	-
Total expenditures	<u>129,166</u>	<u>129,166</u>	<u>102,328</u>	<u>(26,838)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,967)</u>	<u>\$ (9,967)</u>

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - FARMINGBURY HILLS COUNTRY CLUB FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over (Under)</u>
REVENUES				
Cart Rentals	\$ 255,358	\$ 255,358	\$ 115,213	\$ (140,145)
Greens Fees	183,550	183,550	85,356	(98,194)
Season Passes	90,000	90,000	375	(89,625)
Facility Rentals	62,596	62,596	80,931	18,335
Surcharge Revenue	27,237	27,237	9,750	(17,487)
Other	-	-	42,174	42,174
Tee Market Revenue	125	125	25	(100)
Total revenues	<u>618,866</u>	<u>618,866</u>	<u>333,824</u>	<u>(285,042)</u>
EXPENDITURES				
Wages - Operations	132,060	187,248	151,723	(35,525)
Salary/Golf Pro	76,200	76,200	66,580	(9,620)
Bond Repayment Club House	54,615	54,615	54,615	-
Salary/Admin Supervisor	50,050	-	-	-
Equipment Lease	37,889	37,889	24,889	(13,000)
Fertilizers and Chemicals	24,000	24,000	8,352	(15,648)
Maintenance/Repair & Supplies	21,350	21,350	14,352	(6,998)
Social Security	16,640	16,640	12,559	(4,081)
Overtime	18,500	18,500	14,165	(4,335)
Electricity	18,800	18,800	14,618	(4,182)
Maintenance - Equip/Reel Sharpening	16,500	16,500	5,062	(11,438)
Golf Cart Lease	21,825	21,825	10,912	(10,913)
Bond Interest Club House	8,124	8,124	8,124	-
Workers Compensation Ins	9,415	9,415	9,415	-
Wages - Seasonal Help	9,500	9,500	8,119	(1,381)
Liability Insurance	8,580	8,580	8,198	(382)
Fuels - Gas, Oil, Diesel	9,275	9,275	4,584	(4,691)
Fuel, Heating	7,000	7,000	2,340	(4,660)
Property Taxes	6,000	6,000	5,641	(359)
Operating reserve	5,138	-	-	-
Maintenance - Greens	4,000	4,000	2,950	(1,050)
Rangers	2,000	2,000	-	(2,000)
Custodial Club House	6,000	6,000	5,145	(855)
Bank Service Fees	6,000	6,000	4,936	(1,064)
Seed, Sod, Flower, Landscaping	4,500	4,500	-	(4,500)
Sand, Stone, & Loam	6,500	6,500	-	(6,500)
Other	38,405	38,405	17,035	(21,370)
Total expenditures	<u>618,866</u>	<u>618,866</u>	<u>454,314</u>	<u>(164,552)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120,490)</u>	<u>\$ (120,490)</u>

FIDUCIARY FUNDS

TOWN OF WOLCOTT, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
AS OF JUNE 30, 2020

	Town General Pension Trust Fund	Board of Education Pension Trust Fund	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 8,921,683	\$ -	\$ 8,921,683
Investments			
Corporate bonds	11,415,814	-	11,415,814
Mutual funds	1,946,464	-	1,946,464
Insurance contracts	-	16,952,065	16,952,065
Receivables	93,018	-	93,018
Total assets	<u>22,376,979</u>	<u>16,952,065</u>	<u>39,329,044</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 22,376,979</u>	<u>\$ 16,952,065</u>	<u>\$ 39,329,044</u>

TOWN OF WOLCOTT, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Town General Pension Trust Fund	Board of Education Pension Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 1,238,367	\$ 715,673	\$ 1,954,040
Plan members	93,018	-	93,018
Other	35	-	35
Total contributions	<u>1,331,420</u>	<u>715,673</u>	<u>2,047,093</u>
Investment earnings:			
Net change in the fair value of investments	115,120	942,328	1,057,448
Interest and dividends	375,081	151,578	526,659
Total investment earnings	<u>490,201</u>	<u>1,093,906</u>	<u>1,584,107</u>
Less investment fee expense	112,042	47,584	159,626
Total investment earnings, net	<u>378,159</u>	<u>1,046,322</u>	<u>1,424,481</u>
Total additions	<u>1,709,579</u>	<u>1,761,995</u>	<u>3,471,574</u>
DEDUCTIONS			
Benefit payments	1,642,195	886,523	2,528,718
Administrative expenses	31,272	19,998	51,270
Total deductions	<u>1,673,467</u>	<u>906,521</u>	<u>2,579,988</u>
Change in net position	36,112	855,474	891,586
Net position - beginning	<u>22,340,867</u>	<u>16,096,591</u>	<u>38,437,458</u>
Net position - ending	<u>\$ 22,376,979</u>	<u>\$ 16,952,065</u>	<u>\$ 39,329,044</u>

TOWN OF WOLCOTT, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF JUNE 30, 2020

	Student Activity Fund	Performance Bond Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 225,064	\$ 293,447	\$ 518,511
Total assets	\$ 225,064	\$ 293,447	\$ 518,511
LIABILITIES			
Due to student groups	\$ 225,064	\$ -	\$ 225,064
Due to others	-	293,447	293,447
Total liabilities	\$ 225,064	\$ 293,447	\$ 518,511

TOWN OF WOLCOTT, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance, July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2020</u>
Student Activity Fund				
Assets				
Cash and cash equivalents:				
Alcott Elementary School	\$ 7,633	\$ 6,882	\$ 6,670	\$ 7,845
Frisbie Elementary School	8,291	12,854	12,141	9,004
Wakelee Elementary School	8,472	17,323	12,173	13,622
Tyrrell Middle School	54,080	94,707	76,674	72,113
Wolcott High School	115,032	173,814	166,366	122,480
Total assets	<u>\$ 193,508</u>	<u>\$ 305,580</u>	<u>\$ 274,024</u>	<u>\$ 225,064</u>
Liabilities				
Due to student groups	\$ 193,508	\$ 305,580	\$ 274,024	\$ 225,064
Total liabilities	<u>\$ 193,508</u>	<u>\$ 305,580</u>	<u>\$ 274,024</u>	<u>\$ 225,064</u>
Performance Bond Fund				
Assets				
Cash and cash equivalents	\$ 240,289	\$ 176,000	\$ 122,842	\$ 293,447
Total assets	<u>\$ 240,289</u>	<u>\$ 176,000</u>	<u>\$ 122,842</u>	<u>\$ 293,447</u>
Liabilities				
Due to others	\$ 240,289	\$ 176,000	\$ 122,842	\$ 293,447
Total liabilities	<u>\$ 240,289</u>	<u>\$ 176,000</u>	<u>\$ 122,842</u>	<u>\$ 293,447</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 433,797	\$ 481,580	\$ 396,866	\$ 518,511
Total assets	<u>\$ 433,797</u>	<u>\$ 481,580</u>	<u>\$ 396,866</u>	<u>\$ 518,511</u>
Liabilities				
Due to student groups	\$ 193,508	\$ 305,580	\$ 274,024	\$ 225,064
Due to others	240,289	176,000	122,842	293,447
Total liabilities	<u>\$ 433,797</u>	<u>\$ 481,580</u>	<u>\$ 396,866</u>	<u>\$ 518,511</u>