

TOWN OF WOLCOTT, CONNECTICUT

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

JUNE 30, 2017

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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, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison schedules for the General Fund and Water Assessment Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, and the schedules on the Town's pension plans and other post-employment benefit program on pages 69 through 74 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 75 through 98 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 November 29, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut
November 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017

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, 2017.

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 \$39,658,321 (net position). Of this amount, \$10,723,814 represents a deficit in the Town's unrestricted net position. This deficit is primarily attributed to the Town's liabilities for its pension and other post-employment benefits program, which are being funded on an annual basis by the Town based on actuarially determined contributions.
- The Town's total net position increased by \$1,345,170 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 \$9,286,557, an increase of \$11,403,920 in comparison with the prior year. This increase is primarily attributed to the recognition of bond anticipation notes in the amount of \$11,300,000.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,953,933 or 8.5% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately one month of General Fund operating expenditures.
- The Town's total capital assets decreased by \$101,387 or 0.1%.
- The Town's total long-term obligations increased by \$1,925,107 or 3.7%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The statement of net position presents information on all of the Town's assets, deferred outflows 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*)
JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Government-wide Financial Statements (*Continued*)

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 15 and 16 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

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

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

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(*Continued*)
JUNE 30, 2017

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 its risk management activities. Because this service benefits governmental activities, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 24 through 26 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 accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27 through 28 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 68 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules which can be found on pages 69 through 98 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

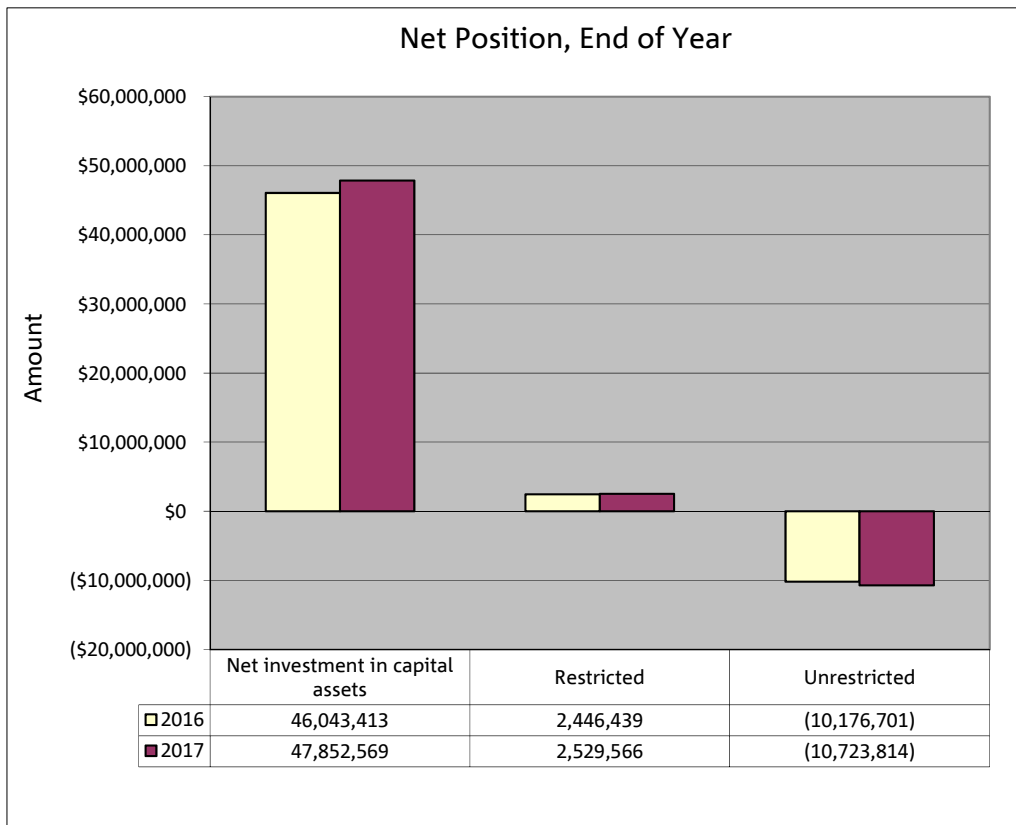
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$39,658,321 and \$38,313,151 as of June 30, 2017 and 2016, respectively and are summarized as follows. Certain amounts reported for the year ended June 30, 2016 have been reclassified to conform with the current year presentation.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 21,598,331	\$ 21,773,515
Capital assets, net	<u>85,720,761</u>	<u>85,822,148</u>
Total assets	<u>107,319,092</u>	<u>107,595,663</u>
Deferred outflows of resources	<u>4,353,424</u>	<u>3,354,520</u>
Long-term liabilities	53,504,953	51,579,846
Other liabilities	<u>15,031,490</u>	<u>19,670,545</u>
Total liabilities	<u>68,536,443</u>	<u>71,250,391</u>
Deferred inflows of resources	<u>3,477,752</u>	<u>1,386,641</u>
Net position:		
Net investment in capital assets	47,852,569	46,043,413
Restricted	2,529,566	2,446,439
Unrestricted	<u>(10,723,814)</u>	<u>(10,176,701)</u>
Total net position	<u>\$ 39,658,321</u>	<u>\$ 38,313,151</u>



TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

Of the Town's net position, 120.7% 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.

6.4% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position represents an unrestricted deficit. Overall, net position increased by \$1,345,170.

Changes in Net Position

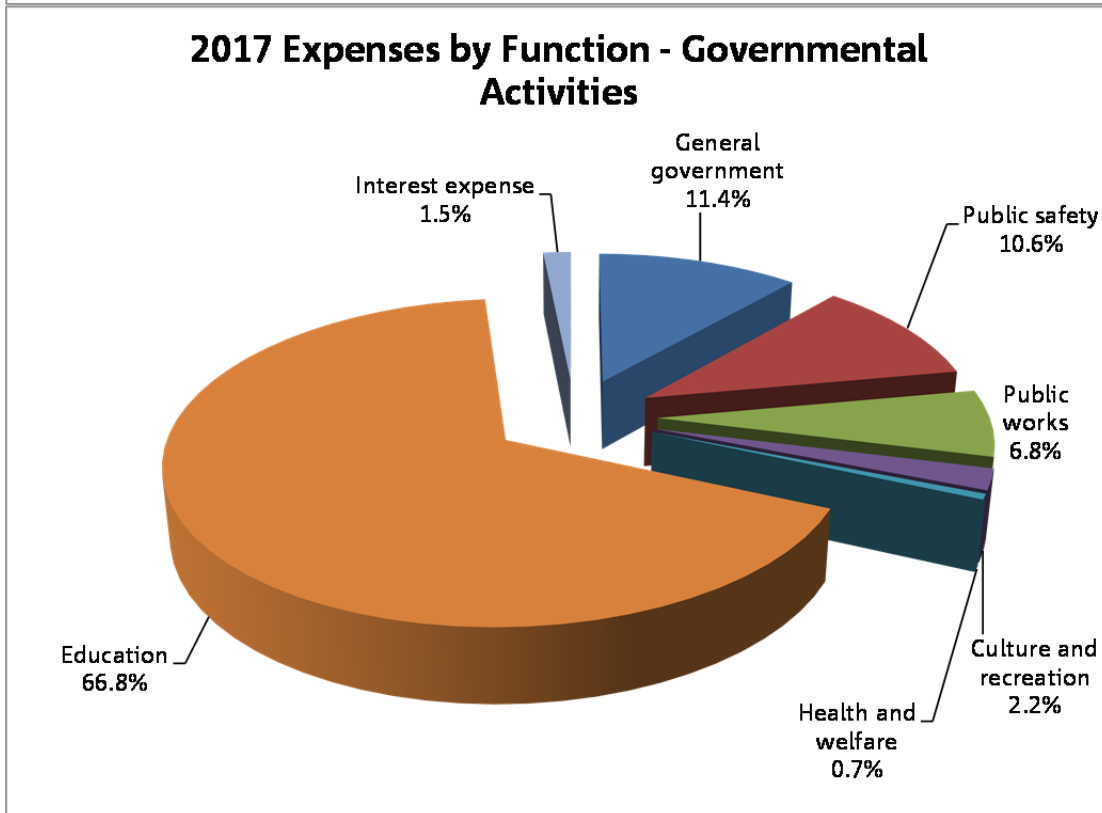
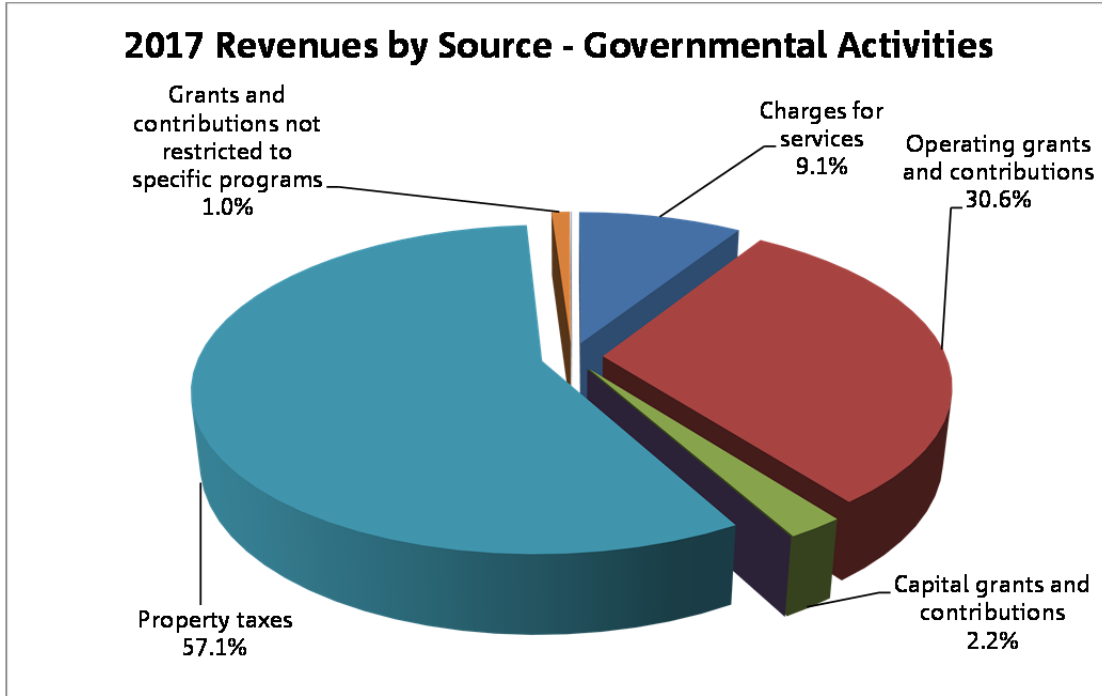
Changes in net position for the years ended June 30, 2017 and 2016 are as follows.

	<u>2017</u>	<u>2016</u>
Program revenues:		
Charges for services	\$ 5,986,110	\$ 5,643,836
Operating grants and contributions	20,211,137	20,424,629
Capital grants and contributions	1,480,409	1,125,797
General revenues:		
Property taxes	37,716,617	36,155,327
Grants and contributions not restricted to specific programs	666,618	261,069
Unrestricted investment earnings	41,902	17,145
Total revenues	<u>66,102,793</u>	<u>63,627,803</u>
Program expenses:		
General government	7,393,105	7,339,736
Public safety	6,919,718	6,812,075
Public works	4,408,109	4,471,351
Culture and recreation	1,375,732	1,514,564
Health and welfare	364,808	260,554
Education	43,285,957	42,091,671
Interest expense	1,010,194	834,350
Total expenses	<u>64,757,623</u>	<u>63,324,301</u>
Change in net position	<u>\$ 1,345,170</u>	<u>\$ 303,502</u>

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(*Continued*)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (*Continued*)

Governmental Activities

Governmental activities increased the Town's net position by \$1,345,170. Revenues generated by the Town increased by \$2,474,990 or 3.9% and expenses incurred by the Town increased by \$1,433,322 or 2.3%, when compared to the prior year.

Key elements of the current year change in net position were an increase in tax revenues of approximately \$1.6 million or 4.3%, primarily attributed to a 3.0% increase in the Town's mill rate, offset by an increase in education expenses of approximately \$1.2 million or 2.8%, primarily attributed to union negotiated contractual increases in salaries and related benefits.

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 \$9,286,557, an increase of \$11,403,920 in comparison with the prior year. Of this amount, \$4,629,962 constitutes unassigned fund balance, which is available for spending at the Town's discretion.

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 \$4,953,933, while total fund balance was \$5,201,582. 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 8.5% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately one month of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$755,137 during the current fiscal year as a result of favorable budget results, outlined in the General Fund Budgetary Highlights section below.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2017

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

Capital Improvement Fund

The Capital Improvement Fund has a fund balance of \$197,497 as of June 30, 2017, which is a reduction in the deficit of \$10,490,144 from the prior year. The reduction in the prior year deficit is primarily attributable to the recognition of proceeds from bond anticipation notes in the amount of \$11,300,000, which were subsequently refinanced by the issuance of general obligations bonds as permanent financing of capital outlays.

Water Assessment Fund

The fund balance of the Water Assessments Fund decreased by \$113,999 during the current fiscal year. This decrease was due to scheduled debt repayments in excess of current year collections on assessments levied.

Small Cities Grant Program Fund

The fund balance of the Small Cities Grant Fund increased by \$45,014 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in the fund balance of the General Fund on a budgetary basis was an increase of \$647,855. No supplemental appropriations were made during the fiscal year.

During the year, revenues exceeded budgetary estimates by \$71,169 or 0.1% and expenditures were \$596,323 or 1.1% less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2017 totaled \$85,720,761 (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 decreased \$101,387 or 0.1%.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

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 \$867,828 related to ongoing construction of Town roads, bridges and sidewalks in addition to the acquisition of a fire pumper truck.
- Additions of \$482,782 in vehicles, machinery, and equipment related to the purchase of a public works dump truck and police vehicles.
- Additions of \$307,091 in buildings and improvements primarily due to the completion of renovations at the Alcott Elementary School and significant repairs made to the salt barn canopy.
- An addition of \$325,000 in land due to the acquisition of 180 Nichols Road, a parcel of land to be utilized for recreation and open space.
- An increase of approximately \$1.1 million in infrastructure due to the completion of various road reconstruction projects.

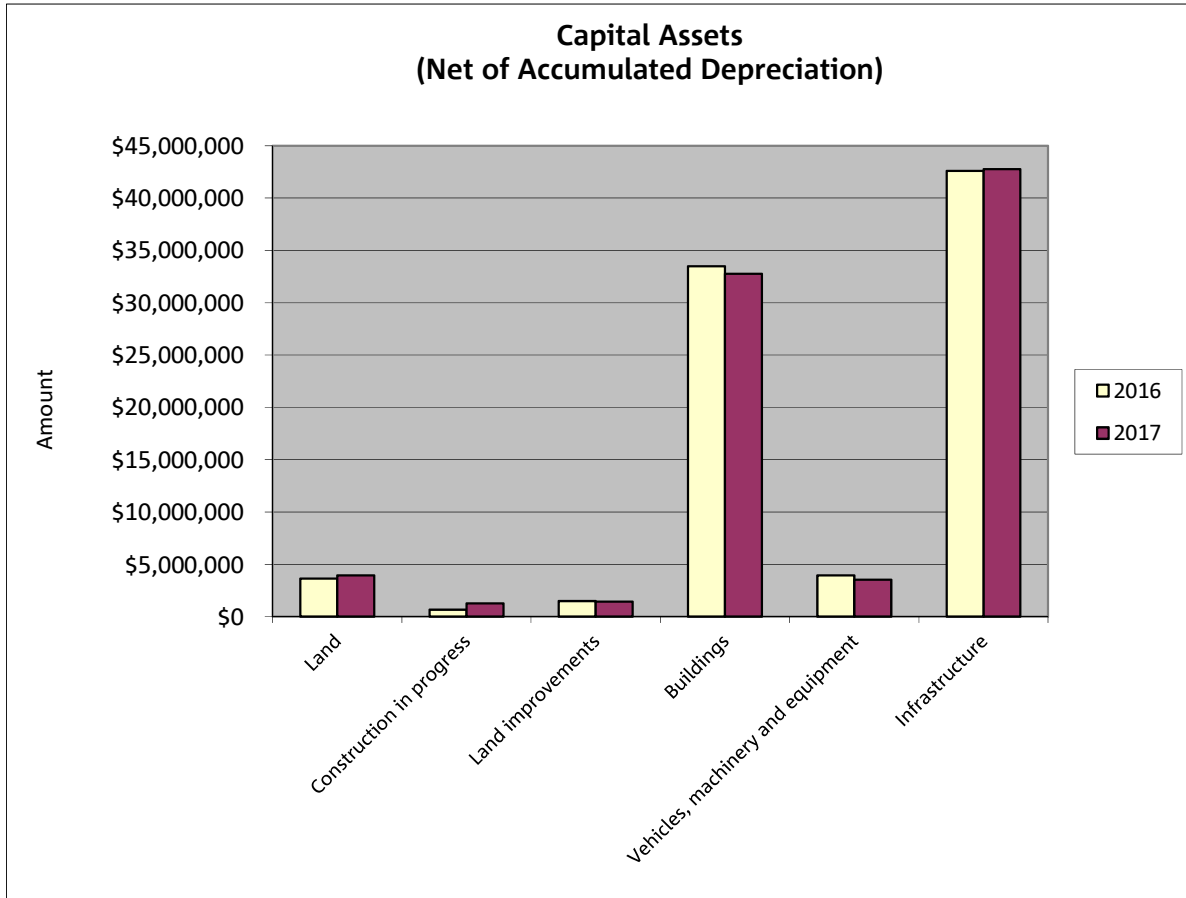
The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

	<u>2017</u>	<u>2016</u>
Land	\$ 3,955,774	\$ 3,630,774
Construction in progress	1,286,057	678,713
Land improvements	1,441,555	1,480,995
Buildings	32,767,405	33,493,107
Vehicles, machinery and equipment	3,518,268	3,944,132
Infrastructure	42,751,702	42,594,427
Totals	<u>\$ 85,720,761</u>	<u>\$ 85,822,148</u>

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)



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

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 \$26,508,727, all of which is backed by the full faith and credit of the Town. The Town's total principal long-term debt increased by \$2,261,286 or 8.5%. Significant activities relating to changes in long-term debt are as follows:

- The issuance of \$4,590,000 in general obligation bonds, the proceeds of which were used to retire previously outstanding bond anticipation notes.
- Capital lease financing of \$889,894 utilized for the purchase of a Fire Truck, police vehicles, a dump truck and equipment.
- Scheduled debt repayments of \$3,218,608.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

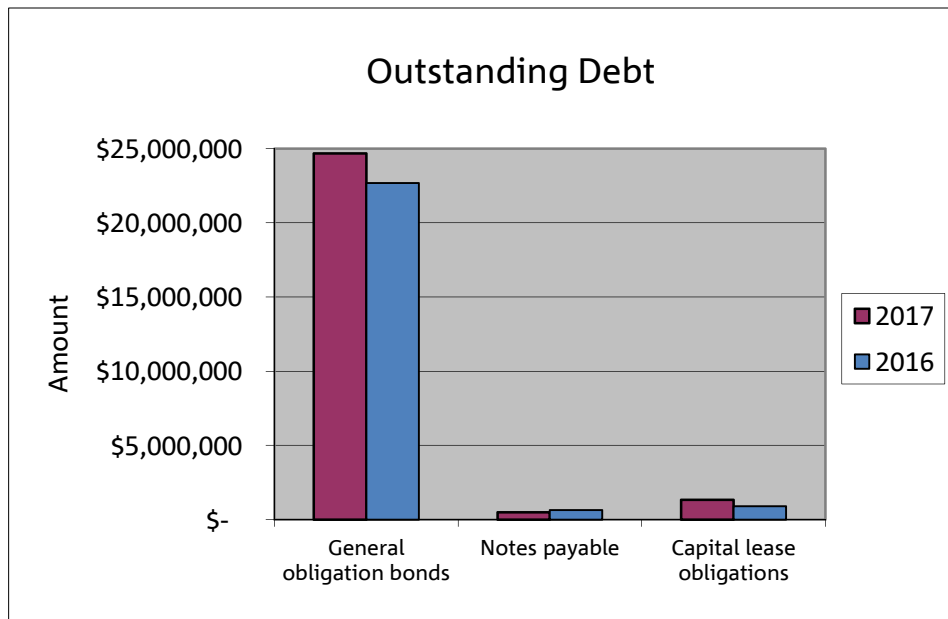
Long-term Debt (Continued)

In addition to the long-term debt discussed above, the Town also issued \$11,710,000 in bond anticipation notes during the current fiscal year. The purpose of the bond anticipation notes are to provide interim financing for various ongoing construction projects until future general obligation bonds are issued. During October 2017, the Town permanently financed \$11,300,000 of the bond anticipation notes through the issuance of general obligation bonds.

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:

	2017	2016
General obligation bonds	\$ 24,670,000	\$ 22,680,000
Notes payable	498,252	658,321
Capital lease obligations	1,340,475	909,120
Totals	\$ 26,508,727	\$ 24,247,441



Additional information on the Town's debt can be found in Notes H and I of this report.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The unemployment rate for the Town (September 2017) was 3.3%, which compares favorably to the state's unemployment rate of 4.0%.
- 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 2018, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2018. The Town's fiscal year 2018 General Fund budget was approved by the Town Council on June 19, 2017. The approved budget contemplated expenditures of \$54,760,117, which is an increase of \$758,654 or 1.4% over the original fiscal year 2017 budgeted expenditures.

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
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 11,246,374
Investments	1,325,000
Receivables:	
Property taxes and interest, net	1,669,810
Grants and contracts	877,660
Assessments, net	200,000
Usage fees, net	1,311,103
Other	197,531
Noncurrent assets:	
Grants and contracts receivable	1,411,949
Assessments receivable	1,009,620
Loans receivable	2,349,284
Capital assets:	
Non-depreciable	5,241,831
Depreciable, net	80,478,930
Total assets	107,319,092
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on sewer upgrades	498,252
Deferred charges on refundings	517,447
Deferred charges on pensions	3,337,725
	4,353,424
 LIABILITIES	
Accounts payable	2,230,501
Accrued liabilities:	
Salaries and benefits payable	219,540
Accrued interest	265,603
Claims payable	531,576
Bond anticipation notes payable	11,710,000
Unearned revenue	74,270
Noncurrent liabilities:	
Due within one year	4,162,806
Due in more than one year	49,342,147
Total liabilities	68,536,443
 DEFERRED INFLOWS OF RESOURCES	
Deferred charges on pensions	3,477,752
 NET POSITION	
Net investment in capital assets	47,852,569
Restricted for:	
Rehabilitation loan program	2,349,284
Other purposes	180,282
Unrestricted	(10,723,814)
Total net position	\$ 39,658,321

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 7,393,105	\$ 389,735	\$ 127,800	\$ -	\$ (6,875,570)
Public safety	6,919,718	335,170	72,919	-	(6,511,629)
Public works	4,408,109	1,886,458	239,079	787,460	(1,495,112)
Culture and recreation	1,375,732	653,041	38,417	-	(684,274)
Health and welfare	364,808	50,745	323,101	-	9,038
Education	43,285,957	2,670,961	19,409,821	692,949	(20,512,226)
Interest expense	1,010,194	-	-	-	(1,010,194)
Total governmental activities	<u>64,757,623</u>	<u>5,986,110</u>	<u>20,211,137</u>	<u>1,480,409</u>	<u>(37,079,967)</u>
General revenues:					
					37,716,617
					666,618
					41,902
					<u>38,425,137</u>
					1,345,170
					<u>38,313,151</u>
					<u>\$ 39,658,321</u>

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

TOWN OF WOLCOTT, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Water Assessments Fund</u>	<u>Small Cities Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 5,243,049	\$ 621,970	\$ 1,295,539	\$ 45,014	\$ 2,295,007	\$ 9,500,579
Investments	980,000	-	-	-	345,000	1,325,000
Receivables:						
Property taxes and interest, net	1,669,810	-	-	-	-	1,669,810
Grants and contracts	2,010,913	-	-	24,173	254,523	2,289,609
Loans	-	-	-	2,349,284	-	2,349,284
Assessments, net	-	-	1,196,437	-	13,183	1,209,620
Usage fees, net	-	-	-	-	1,311,103	1,311,103
Other	43,444	-	-	-	32,125	75,569
Due from other funds	502,417	-	-	-	2,048	504,465
Inventories	-	-	-	-	21,592	21,592
Total assets	<u>\$ 10,449,633</u>	<u>\$ 621,970</u>	<u>\$ 2,491,976</u>	<u>\$ 2,418,471</u>	<u>\$ 4,274,581</u>	<u>\$ 20,256,631</u>
LIABILITIES						
Accounts payable	\$ 1,469,007	\$ 13,698	\$ -	\$ 24,173	\$ 701,987	\$ 2,208,865
Accrued salaries and benefits payable	219,540	-	-	-	-	219,540
Bond anticipation notes payable	-	410,000	-	-	-	410,000
Due to other funds	709	775	-	-	502,981	504,465
Unearned revenue	26,832	-	-	-	47,438	74,270
Total liabilities	<u>1,716,088</u>	<u>424,473</u>	<u>-</u>	<u>24,173</u>	<u>1,252,406</u>	<u>3,417,140</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	<u>3,531,963</u>	<u>-</u>	<u>1,196,437</u>	<u>2,349,284</u>	<u>475,250</u>	<u>7,552,934</u>
FUND BALANCES						
Nonspendable	-	-	-	-	21,592	21,592
Restricted	-	-	-	45,014	135,268	180,282
Committed	-	197,497	1,295,539	-	2,714,036	4,207,072
Assigned	247,649	-	-	-	-	247,649
Unassigned	4,953,933	-	-	-	(323,971)	4,629,962
Total fund balances	<u>5,201,582</u>	<u>197,497</u>	<u>1,295,539</u>	<u>45,014</u>	<u>2,546,925</u>	<u>9,286,557</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,449,633</u>	<u>\$ 621,970</u>	<u>\$ 2,491,976</u>	<u>\$ 2,418,471</u>	<u>\$ 4,274,581</u>	<u>\$ 20,256,631</u>

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

TOWN OF WOLCOTT, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balance for governmental funds	\$	9,286,557
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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	\$	5,241,831	
Depreciable, net		80,478,930	
		85,720,761	85,720,761

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.		7,552,934
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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 sewer upgrades		498,252	
Deferred charge on refundings		517,447	
Deferred losses on pension expense		3,337,725	
Deferred gains on pension expense		(3,477,752)	
		875,672	875,672

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		(265,603)	
Long-term debt:			
Bonds payable, net		(26,392,671)	
Bond anticipation notes payable		(11,300,000)	
Other long-term liabilities:			
Notes payable		(498,252)	
Capital lease obligations		(1,340,475)	
Heart and Hypertension obligations		(1,027,436)	
Compensated absences		(2,593,450)	
Early retirement incentive		(4,275)	
Net pension liabilities		(12,381,422)	
Net OPEB obligation		(9,266,972)	
		(65,070,556)	(65,070,556)

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.

		1,292,953
Net position of governmental activities	\$	39,658,321

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, 2017

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 37,383,242	\$ -	\$ -	\$ -	\$ -	\$ 37,383,242
Intergovernmental	20,111,705	-	-	147,313	2,496,046	22,755,064
Charges for services	615,958	-	217,641	29,975	3,355,188	4,218,762
Interest income	38,289	-	-	32	3,581	41,902
Other	78,560	-	-	14,988	156,936	250,484
Total revenues	<u>58,227,754</u>	<u>-</u>	<u>217,641</u>	<u>192,308</u>	<u>6,011,751</u>	<u>64,649,454</u>
EXPENDITURES						
Current:						
General government	7,011,570	-	-	-	47,340	7,058,910
Public safety	5,617,419	-	-	-	230,951	5,848,370
Public works	1,830,767	-	-	-	1,021,062	2,851,829
Culture and recreation	544,184	-	-	-	636,181	1,180,365
Health and welfare	199,141	-	-	147,294	10,006	356,441
Education	38,053,884	-	-	-	3,058,149	41,112,033
Capital outlays	1,198,939	1,057,507	-	-	772,259	3,028,705
Debt service:						
Principal payments	3,013,416	-	-	-	197,234	3,210,650
Interest and fiscal charges	872,570	285,144	-	-	15,703	1,173,417
Debt issuance costs	-	71,167	-	-	-	71,167
Total expenditures	<u>58,341,890</u>	<u>1,413,818</u>	<u>-</u>	<u>147,294</u>	<u>5,988,885</u>	<u>65,891,887</u>
Excess (deficiency) of revenues over expenditures	(114,136)	(1,413,818)	217,641	45,014	22,866	(1,242,433)
OTHER FINANCING SOURCES (USES)						
Capital lease financing	889,894	-	-	-	-	889,894
Proceeds from bonds	-	4,590,000	-	-	-	4,590,000
Proceeds from bond anticipation notes	-	11,300,000	-	-	-	11,300,000
Premium on bonds and notes	-	456,459	-	-	-	456,459
Repayment of bond anticipation notes	-	(4,590,000)	-	-	-	(4,590,000)
Transfers in	519,379	470,000	-	-	70,000	1,059,379
Transfers out	(540,000)	(125,000)	(331,640)	-	(62,739)	(1,059,379)
Total other financing sources (uses)	<u>869,273</u>	<u>12,101,459</u>	<u>(331,640)</u>	<u>-</u>	<u>7,261</u>	<u>12,646,353</u>
Net change in fund balances	755,137	10,687,641	(113,999)	45,014	30,127	11,403,920
Fund balances - beginning	4,446,445	(10,490,144)	1,409,538	-	2,516,798	(2,117,363)
Fund balances - ending	<u>\$ 5,201,582</u>	<u>\$ 197,497</u>	<u>\$ 1,295,539</u>	<u>\$ 45,014</u>	<u>\$ 2,546,925</u>	<u>\$ 9,286,557</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, 2017

Net change in fund balances - total governmental funds \$ 11,403,920

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. (101,387)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities. (855,542)

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		(889,894)	
Bond anticipation notes		(11,300,000)	
Principal repayments:			
Bonds and notes payable		2,760,069	
Capital lease financing		458,539	
Net adjustment		(8,971,286)	(8,971,286)

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. (298,078)

(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, 2017

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	\$ 36,272	
Deferred charges on sewer upgrades	(160,069)	
Deferred charges on refunding	(76,596)	
Unamortized bond premium	(189,703)	
Heart and Hypertension obligations	188,936	
Compensated absences	276,296	
Early retirement incentive	1,425	
Net pension liabilities	961,553	
Net OPEB obligation	<u>(977,484)</u>	
		\$ 60,630
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>106,913</u>
Change in net position of governmental activities		<u><u>\$ 1,345,170</u></u>

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 37,237,251	\$ 37,237,251	\$ 37,383,242	\$ 145,991
Intergovernmental	15,618,171	15,618,171	15,422,765	(195,406)
Charges for services	120,800	120,800	116,746	(4,054)
Licenses and permits	357,750	357,750	489,851	132,101
Interest income	9,400	9,400	38,289	28,889
Other revenues	119,075	119,075	82,723	(36,352)
Total revenues	<u>53,462,447</u>	<u>53,462,447</u>	<u>53,533,616</u>	<u>71,169</u>
EXPENDITURES				
Current:				
General government	7,287,337	7,287,336	7,081,570	(205,766)
Public safety	5,885,530	5,910,532	5,788,741	(121,791)
Public works	2,275,203	2,250,203	2,066,456	(183,747)
Culture and recreation	613,685	613,684	544,184	(69,500)
Health and welfare	213,224	213,224	199,141	(14,083)
Education	33,631,095	33,631,095	33,629,671	(1,424)
Debt service:				
Principal payments	3,225,890	3,227,967	3,227,967	-
Interest and fiscal charges	869,499	867,422	867,410	(12)
Total expenditures	<u>54,001,463</u>	<u>54,001,463</u>	<u>53,405,140</u>	<u>(596,323)</u>
Excess (deficiency) of revenues over expenditures	(539,016)	(539,016)	128,476	667,492
OTHER FINANCING SOURCES				
Transfers in	<u>539,016</u>	<u>539,016</u>	<u>519,379</u>	<u>(19,637)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>647,855</u>	<u>\$ 647,855</u>
Fund balance - beginning			<u>4,306,078</u>	
Fund balance - ending			<u>\$ 4,953,933</u>	

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - WATER ASSESSMENT FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<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 4	\$ -	\$ -	\$ 3,331	\$ 3,331
Water assessment phase 5	15,000	15,000	15,897	897
Water assessment phase 6	15,000	15,000	11,897	(3,103)
Water assessment phase 7	290,640	290,640	165,045	(125,595)
Water assessment phase 8	10,000	10,000	20,720	10,720
Water assessment phase 9	1,000	1,000	729	(271)
Interest income	-	-	22	22
Total revenues	<u>331,640</u>	<u>331,640</u>	<u>217,641</u>	<u>(113,999)</u>
OTHER FINANCING USES				
Transfers out:				
General Fund - debt service	<u>(331,640)</u>	<u>(331,640)</u>	<u>(331,640)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(113,999)</u>	<u>\$ (113,999)</u>
Fund balance - beginning			<u>1,409,538</u>	
Fund balance - ending			<u>\$ 1,295,539</u>	

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Governmental Activities
	Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 1,745,795
Receivables	100,370
Total assets	1,846,165
LIABILITIES	
Accounts payable	21,636
Claims payable	531,576
Total liabilities	553,212
NET POSITION	
Unrestricted:	
Designated for Town benefits	561,279
Designated for Board of Education benefits	731,674
Total net position	\$ 1,292,953

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, 2017

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Employer contributions	\$ 6,225,786
Employee contributions	1,751,417
Total operating revenues	7,977,203
OPERATING EXPENSES	
Premiums and claims incurred	7,508,968
Administration	361,346
Total operating expenses	7,870,314
Operating income	106,889
NON-OPERATING INCOME	
Interest income	25
Change in net position	106,914
Net position - beginning	1,186,039
Net position - ending	\$ 1,292,953

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, 2017

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from the following:	
Employer	\$ 6,225,786
Employees	1,661,168
Cash paid for the following:	
Premiums and claims incurred	(7,465,034)
Administration	(361,346)
Net cash provided by operating activities	60,574
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	25
Net cash provided by investing activities	25
Net increase in cash and cash equivalents	60,599
Cash and cash equivalents, beginning of year	1,685,196
Cash and cash equivalents, end of year	\$ 1,745,795
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 106,889
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(90,249)
Increase in accounts payable	1,883
Increase in claims payable	42,051
Net cash provided by operating activities	\$ 60,574

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 520,357	\$ 5,454	\$ 498,322
Investments	33,701,694	225,085	-
Contributions receivable	209,462	-	-
Total assets	<u>34,431,513</u>	<u>230,539</u>	<u>\$ 498,322</u>
LIABILITIES			
Due to student groups	-	-	165,843
Due to others	-	-	332,479
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 498,322</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 34,431,513</u>	<u>\$ 230,539</u>	

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund
ADDITIONS		
Contributions:		
Employer	\$ 2,047,974	\$ -
Plan members	114,243	-
Private donations	-	600
Total contributions	<u>2,162,217</u>	<u>600</u>
Investment earnings:		
Net change in the fair value of investments	3,979,968	-
Interest and dividends	484,512	2,106
Total investment earnings	<u>4,464,480</u>	<u>2,106</u>
Less investment fee expense	156,827	-
Total investment earnings, net	<u>4,307,653</u>	<u>2,106</u>
Total additions	<u>6,469,870</u>	<u>2,706</u>
DEDUCTIONS		
Benefit payments	1,961,155	8,360
Administrative expenses	75,922	-
Total deductions	<u>2,037,077</u>	<u>8,360</u>
Change in net position	4,432,793	(5,654)
Net position - beginning	<u>29,998,720</u>	<u>236,193</u>
Net position - ending	<u>\$ 34,431,513</u>	<u>\$ 230,539</u>

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

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

Fund Financial Statements *(Continued)*

The Town reports the following major governmental funds:

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

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

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

Small Cities Grant Fund - This fund accounts for the proceeds and expenditures related to the Community Development Block Grant Small Cities program operated by the Town. Funding is used to provide loans to low-income residents for home 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)*
JUNE 30, 2017

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

Measurement Focus and Basis of Accounting *(Continued)*

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

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Effective July 1, 2016, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, GASB Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, and GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The adoption of these statements did not have a material effect on the Town's financial statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

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

Cash Equivalents

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

Investments

Investments 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 as described below.

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 costs.

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.

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 \$84,600 and \$23,275, respectively, as of June 30, 2017.

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 \$73,400 and \$8,500, respectively, as of June 30, 2017. In addition, the Town has established an allowance for uncollectible water and sewer usage of \$3,000 and \$15,000, respectively, as of June 30, 2017.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

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

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, 2017, loans receivable totaled \$2,349,284 under this program.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than five years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

Deferred Outflows/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 refunding, deferred pension expenses and deferred charges on sewer upgrades reported in the government-wide statement of net position. Deferred charges on refunding resulted from the difference 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 sewer upgrades resulted from costs financed by the Town in connection with shared upgrades made to the sewage treatment plant in the City of Waterbury. These costs are being amortized as an expense over the life of the related debt. Deferred pension expenses resulted from changes in the components of the Town's net pension liability and are being amortized as a component of pension expense on a systematic and rational basis.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

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

Deferred Outflows/Inflows of Resources *(Continued)*

Deferred inflows of resources consist of revenue that is considered unavailable under the modified accrual basis of accounting and deferred pension benefits. Unavailable revenue is reported within the governmental funds balance sheet and is recognized as an inflow of resources in the period that the amounts become available. Deferred pension benefits are reported in the government-wide statement of net position and are amortized as a component of pension expense on a systematic and rational basis.

Unearned Revenue

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

Compensated Absences and Employee Retirement Obligations

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

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

Long-term Obligations

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

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.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

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

Net Position and Fund Balances

The 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. None of the Town's restricted net position is restricted through enabling legislation.

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

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

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

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

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

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

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

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.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

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

Net Position and Fund Balances *(Continued)*

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, 2017, unassigned fund balance in the General Fund represented 9.0% of the Town's approved fiscal year 2017-2018 General Fund budget.

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.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

Use of Estimates

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

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE

Budgetary Information

A legally adopted budget is authorized annually for the following funds: the General Fund, Acquired Facilities Fund, Farmingbury Hills Fund, Sewer Usage Fund, Water Usage Fund, Sewer Assessment Fund and Water Assessment 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, 2017.
- 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 FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

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

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, 2017:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 53,533,616	\$ 53,405,140	\$ 519,379	\$ 647,855
"On-behalf" payments - State Teachers Retirement Fund (see Note K)	3,956,505	3,956,505	-	-
Adjustment for encumbrances	-	(107,282)	-	107,282
Capital lease proceeds not recorded for budgetary purposes	-	889,894	889,894	-
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	737,633	737,633	-	-
Certain transfers recorded as expenditures for budgetary purposes	-	(540,000)	(540,000)	-
GAAP basis	<u>\$ 58,227,754</u>	<u>\$ 58,341,890</u>	<u>\$ 869,273</u>	<u>\$ 755,137</u>

Deficit Fund Balance

The following fund has a deficit fund balance as of June 30, 2017, which does not constitute a violation of statutory provisions:

<u>Fund</u>	<u>Amount</u>
Farmingbury Hills Country Club Fund	\$ (323,971)

The deficit is expected to be eliminated through future revenue sources or transfers in from the General Fund.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

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

Capital Projects Authorizations

The following is a summary of capital projects as of June 30, 2017:

<u>Capital Project</u>	<u>Authorization</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance - June 30, 2017</u>
Spindle Hill State Grant	\$ 483,500	\$ 466,790	\$ -	\$ 16,710
Munson Road Bridge	82,950	46,644	361	35,945
Todd Road LOTCIP Grant	3,023,600	-	-	3,023,600
Various Capital Projects III				
Finance/bonding legal/insurance	325,000	325,000	-	-
Walking trail at Scovil Reservoir	350,000	327,369	596	22,035
Various Capital Projects IV				
Finance/bonding legal/insurance	271,300	109,868	-	161,432
Reconstruction/repair roads - phase II	10,526,462	10,446,639	43,488	36,335
Upgrades to Wolcott Public Schools	863,700	863,601	-	99
Total	<u>\$ 15,926,512</u>	<u>\$ 12,585,911</u>	<u>\$ 44,445</u>	<u>\$ 3,296,156</u>

NOTE C - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits, as of June 30, 2017 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 11,246,374
Statement of fiduciary net position:	
Cash and cash equivalents	1,024,133
	<u>12,270,507</u>
Add: certificates of deposit considered cash deposits	
for disclosure purposes	225,085
Less: cash equivalents considered investments	
for disclosure purposes	<u>(3,764,898)</u>
	<u>\$ 8,730,694</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

Cash Deposits *(Continued)*

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, 2017, \$8,389,677 of the Town's bank balance of \$9,462,684 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,550,709
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	838,968
	\$ 8,389,677

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.

Investments

A reconciliation of the Town's investments as of June 30, 2017 is as follows:

Government-wide statement of net position:	
Investments	\$ 1,325,000
Statement of fiduciary net position:	
Investments	33,926,779
	35,251,779
Add: cash equivalents considered investments for disclosure purposes	3,764,898
Less: certificates of deposit considered cash deposits for disclosure purposes	(225,085)
	\$ 38,791,592

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

Investments *(Continued)*

As of June 30, 2017, the Town's investments consisted of the following:

<u>Investment type</u>	<u>Valuation Basis</u>	<u>Credit Rating</u>	<u>Value</u>	<u>Investment Maturities (In Years)</u>	
				<u>Less Than 1</u>	<u>1 to 5</u>
Debt Securities:					
<i>Governmental activities:</i>					
Short-term Investment Fund	Net asset value	AAA	\$ 3,469,330	\$ 3,469,330	\$ -
Negotiable certificates of deposit	Amortized cost	Unrated	1,325,000	1,080,000	245,000
<i>Fiduciary:</i>					
Money market mutual funds	Net asset value	Unrated	295,568	295,568	-
Corporate bonds	Fair value	AA	365,455	115,942	249,513
Corporate bonds	Fair value	BBB	1,630,417	1,378,987	251,430
			7,085,770	\$ 6,339,827	\$ 745,943
Other investments:					
<i>Fiduciary:</i>					
Group annuity contracts	Contract value		\$ 14,081,057		
Exchange traded funds	Fair value		931,414		
Mutual funds	Fair value		16,693,351		
			\$ 38,791,592		

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.

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.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

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

Investments *(Continued)*

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, 2017, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (72.4%). As of June 30, 2017, 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>
John Hancock Life Insurance Company	GAC - 1K Diversified Stock Fund	\$ 9,814,233	29%
John Hancock Life Insurance Company	GAC - Immediate Participation Guarantee	4,266,824	13%
State Street Global Advisors	SPDR S&P 500 ETF Trust	4,904,188	14%

NOTE D - 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). 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.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE D - FAIR VALUE MEASUREMENTS (Continued)

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2017, 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	\$ 16,693,351	\$ -	\$ -
Exchange traded funds	-	931,414	-
Corporate bond	-	1,995,872	-
	<u>\$ 16,693,351</u>	<u>\$ 2,927,286</u>	<u>\$ -</u>

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 3,630,774	\$ 325,000	\$ -	\$ -	\$ 3,955,774
Construction in progress	678,713	867,828	-	(260,484)	1,286,057
Total capital assets, not being depreciated	<u>4,309,487</u>	<u>1,192,828</u>	<u>-</u>	<u>(260,484)</u>	<u>5,241,831</u>
Capital assets, being depreciated:					
Land improvements	4,548,342	92,762	-	-	4,641,104
Buildings	59,757,445	307,091	-	23,474	60,088,010
Vehicles, machinery and equipment	14,593,115	482,782	(25,039)	-	15,050,858
Infrastructure	70,148,291	900,592	-	237,010	71,285,893
Total capital assets, being depreciated	<u>149,047,193</u>	<u>1,783,227</u>	<u>(25,039)</u>	<u>260,484</u>	<u>151,065,865</u>
Less accumulated depreciation and amortization for:					
Land improvements	3,067,347	132,202	-	-	3,199,549
Buildings	26,264,338	1,056,267	-	-	27,320,605
Vehicles, machinery and equipment	10,648,983	906,770	(23,163)	-	11,532,590
Infrastructure	27,553,864	980,327	-	-	28,534,191
Total accumulated depreciation and amortization	<u>67,534,532</u>	<u>3,075,566</u>	<u>(23,163)</u>	<u>-</u>	<u>70,586,935</u>
Total capital assets, being depreciated, net	<u>81,512,661</u>	<u>(1,292,339)</u>	<u>(1,876)</u>	<u>260,484</u>	<u>80,478,930</u>
Governmental activities capital assets, net	<u>\$ 85,822,148</u>	<u>\$ (99,511)</u>	<u>\$ (1,876)</u>	<u>\$ -</u>	<u>\$ 85,720,761</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE E - CAPITAL ASSETS (Continued)

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

Governmental Activities:		
General government		\$ 110,827
Public safety		650,821
Public works		1,193,675
Culture and recreation		164,153
Education		<u>956,090</u>
Total depreciation and amortization expense - governmental activities		<u>\$ 3,075,566</u>

NOTE F - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2017 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Nonmajor governmental funds	\$ 501,642
	Capital Improvement Fund	<u>775</u>
		<u>502,417</u>
Nonmajor governmental funds	Nonmajor governmental funds	1,339
	General Fund	<u>709</u>
		<u>2,048</u>
Total		<u>\$ 504,465</u>

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

NOTE G - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital Improvement Fund	\$ 125,000
	Water Assessment Fund	331,640
	Nonmajor governmental funds	<u>62,739</u>
		<u>519,379</u>
Capital Improvement Fund	General Fund	<u>470,000</u>
Nonmajor governmental funds	General Fund	<u>70,000</u>
Total		<u>\$ 1,059,379</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE G - INTERFUND TRANSFERS (Continued)

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 H - SHORT-TERM LIABILITIES

The following is a summary of changes in short-term debt for the year ended June 30, 2017:

	<u>Due Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities						
Bond anticipation notes	10/2015	1.25%	\$ 16,595,000	\$ -	\$ (16,595,000)	\$ -
Bond anticipation notes	10/2016	2.00%	-	11,710,000	-	11,710,000
			<u>\$ 16,595,000</u>	<u>\$ 11,710,000</u>	<u>\$ (16,595,000)</u>	<u>\$ 11,710,000</u>

The purpose of the bond anticipation notes are to provide interim financing for various ongoing construction projects until future general obligation bonds are issued. As discussed more fully in Note P, \$11,300,000 of the bond anticipation notes were subsequently retired through proceeds from the issuance of general obligation bonds. As such, this amount has been recognized as an other financing source in the governmental funds statement of revenues, expenditures and changes in fund balances.

NOTE I - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 22,680,000	\$ 4,590,000	\$ (2,600,000)	\$ 24,670,000	\$ 2,985,000
Unamortized premium	1,532,968	329,757	(140,054)	1,722,671	-
Total bonds payable	24,212,968	4,919,757	(2,740,054)	26,392,671	2,985,000
Other liabilities:					
Notes payable	658,321	-	(160,069)	498,252	162,776
Capital lease obligations	909,120	889,894	(458,539)	1,340,475	452,836
Heart and Hypertension obligations	1,291,528	10,000	(274,092)	1,027,436	58,284
Compensated absences	2,869,746	271,490	(547,786)	2,593,450	502,485
Early retirement incentive	5,700	-	(1,425)	4,275	1,425
Net pension liabilities	13,342,975	-	(961,553)	12,381,422	-
Net OPEB obligation	8,289,488	977,484	-	9,266,972	-
	<u>\$ 51,579,846</u>	<u>\$ 7,068,625</u>	<u>\$ (5,143,518)</u>	<u>\$ 53,504,953</u>	<u>\$ 4,162,806</u>

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE I - LONG-TERM LIABILITIES (Continued)

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2017 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
Bonds Payable					
General Obligation Bonds	03/2002	\$ 800,000	6.25% - 6.5%	06/2022	\$ 125,000
General Obligation Refunding Bonds	11/2004	8,476,680	3.0% - 4.0%	08/2019	1,470,000
General Obligation Refunding Bonds	08/2010	12,785,000	2.0% - 5.0%	08/2021	5,600,000
General Obligation Bonds	08/2010	4,465,000	3.0% - 4.125%	08/2029	3,055,000
General Obligation Bonds	10/2014	6,960,000	2.0% - 4.0%	10/2033	6,410,000
General Obligation Refunding Bonds	01/2015	4,030,000	2.0% - 4.0%	08/2025	3,420,000
General Obligation Bonds	10/2016	4,590,000	2.0% - 5.0%	10/2033	4,590,000
					<u>\$ 24,670,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2017:

<u>Year ending</u>	<u>Governmental Activities</u>		
	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30:</u>			
2018	\$ 2,985,000	\$ 967,028	\$ 3,952,028
2019	2,955,000	761,256	3,716,256
2020	3,010,000	630,931	3,640,931
2021	2,540,000	506,413	3,046,413
2022	1,900,000	409,853	2,309,853
2023-2027	5,860,000	1,275,919	7,135,919
2028-2032	4,050,000	494,338	4,544,338
2033-2035	1,370,000	41,100	1,411,100
	<u>\$ 24,670,000</u>	<u>\$ 5,086,838</u>	<u>\$ 29,756,838</u>

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. 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, 2017.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

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

General Obligation Bonds *(Continued)*

School Bond Reimbursements

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. Additional reimbursements of principal and interest aggregating \$2,010,913 and \$145,843, respectively, are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net position. The long-term portion of \$1,411,949 will be realized by the Town through fiscal year 2022.

Notes Payable

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.

A summary of the Town's portion of the clean water notes payable outstanding at June 30, 2017 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
Notes Payable					
Clean Water Loan - 201C3	06/2004	2,763,392	2.0%	06/2020	<u>\$ 498,252</u>

Annual debt service requirements to maturity on these obligations are as follows as of June 30, 2017:

<u>Year ending</u>	<u>Governmental Activities</u>		
	<u>Notes Payable</u>		
<u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 162,776	\$ 8,478	\$ 171,254
2019	166,062	5,193	171,255
2020	169,414	1,840	171,254
	<u>\$ 498,252</u>	<u>\$ 15,511</u>	<u>\$ 513,763</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2017:

	Governmental Activities
Machinery and equipment	\$ 1,831,228
Less: accumulated amortization	391,721
	\$ 1,439,507

Amortization expense relative to leased property under capital leases totaled \$205,989 for the year ended June 30, 2017 and is included in depreciation and amortization expense disclosed in Note E.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 are as follows:

Year ending June 30:	Governmental Activities
2018	\$ 475,923
2019	326,143
2020	225,834
2021	209,659
2022	89,717
2023	89,719
Total minimum lease payments	1,416,995
Less: amount representing interest	(76,520)
Present value of minimum lease payments	\$ 1,340,475

Heart and Hypertension Obligations

The Town's estimated liability for heart and hypertension obligations as of June 30, 2017 is \$1,027,436. Currently, one spousal beneficiary receives weekly benefit payments that are subject to annual COLA adjustments. The total liability decreased due to current year payouts. The total estimated liability has been established based upon a life expectancy assumption for each individual receiving weekly benefit payments.

Early Retirement Incentive

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE J - FUND BALANCE

The various components of fund balance at June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Water Assessments Fund</u>	<u>Small Cities Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 21,592	\$ 21,592
Restricted for:						
Grant programs	-	-	-	-	93,426	93,426
Loan programs	-	-	-	45,014	-	45,014
Donor restrictions	-	-	-	-	6,936	6,936
Open space	-	-	-	-	33,049	33,049
Public safety	-	-	-	-	1,857	1,857
Committed to:						
General government	-	-	-	-	211,908	211,908
Public safety	-	-	-	-	160,071	160,071
Culture and recreation	-	-	-	-	142,255	142,255
Health and welfare	-	-	-	-	8,972	8,972
Education	-	-	-	-	478,259	478,259
Capital outlay	-	197,497	-	-	810	198,307
Water and sewer operations	-	-	-	-	1,711,761	1,711,761
Debt repayment	-	-	1,295,539	-	-	1,295,539
Assigned to:						
Education	247,649	-	-	-	-	247,649
Unassigned	4,953,933	-	-	-	(323,971)	4,629,962
	<u>\$ 5,201,582</u>	<u>\$ 197,497</u>	<u>\$ 1,295,539</u>	<u>\$ 45,014</u>	<u>\$ 2,546,925</u>	<u>\$ 9,286,557</u>

NOTE K - 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 OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan

Plan Description

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

Plan membership - Eligible regular full-time employees of the Town and Police are members of the Town Plan. Eligible employees become members after completion of one year of service. Non-union Town employees are not permitted to participate in the plan after June 30, 2011. At January 1, 2017, the valuation date, Town Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	58
Terminated members entitled to, but not yet receiving benefits	25
Active members	75
	158

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

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

For police officers, the benefit is based on 50% of final average earnings less 2.5% for each year of service if less than 20 years plus 2.5% 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.

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.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Plan Description *(Continued)*

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

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

Summary of Significant Accounting Policies

Investments - Investments are reported at fair value, 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, 2017, 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	SPDR S&P 500 ETF Trust	\$ 4,904,188	25%

Rate of return - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.04%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Net Pension Liability of the Town Plan

The components of the net pension liability of the Town Plan at June 30, 2017, were as follows:

Total pension liability	\$ 30,868,074
Plan fiduciary net position	20,255,877
Town's net pension liability - Town Plan	\$ 10,612,197
 Plan fiduciary net position as a percentage of the total pension liability	65.62%

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2017, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance as of June 30, 2016	\$ 28,619,153	\$ 17,737,197	\$ 10,881,956
Changes for the year:			
Service cost	612,282	-	612,282
Interest	2,291,920	-	2,291,920
Change of benefit terms	140,289	-	140,289
Changes of assumptions	1,506,515	-	1,506,515
Experience (gains) losses	(1,137,220)	-	(1,137,220)
Contributions - employer	-	1,345,461	(1,345,461)
Contributions - employee	-	114,683	(114,683)
Net investment income	-	2,278,742	(2,278,742)
Benefit payments, including refunds	(1,164,865)	(1,164,865)	-
Administrative expense	-	(55,341)	55,341
Net changes	2,248,921	2,518,680	(269,759)
Balance as of June 30, 2017	\$ 30,868,074	\$ 20,255,877	\$ 10,612,197

Actuarial assumptions - The total pension liability for the Town Plan was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary increases	Varies with age and position
Investment rate of return, including inflation	7.25%
Discount rate	7.25%

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE K – EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

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

The long-term expected rate of return on the Town Plan’s investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Town Plan’s target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities - domestic	75%	6.71%
Core fixed income	16%	2.11%
High-yield fixed income	5%	4.61%
Cash	4%	1.10%
	100%	

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.

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, 2017	\$ 14,574,586	\$ 10,612,197	\$ 7,414,060

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2017, the Town recognized pension expense related to the Town Plan of \$1,456,156. At June 30, 2017, the Town reported deferred outflows and inflows of resources related to the Town Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 983,988	\$ -
Changes of assumptions and demographics	1,153,701	2,268,628
Total	<u>\$ 2,137,689</u>	<u>\$ 2,268,628</u>

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:

Year ended June 30,	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 683,742	\$ 890,271
2019	683,741	681,333
2020	674,947	445,721
2021	95,259	251,303
	<u>\$ 2,137,689</u>	<u>\$ 2,268,628</u>

Payable to the Town Plan

The Town has reported a liability of \$114,883 payable to the Town Plan as of June 30, 2017 for the outstanding amount of contributions to the Town Plan required for the year ended June 30, 2017.

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 Plan provides retirement, disability, and survivorship benefits for eligible employees of the Board. The Plan is administered by a Retirement Board composed of selected members.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

Plan Description *(Continued)*

Plan membership - Eligible regular full-time employees of the Board of Education are members of the Board Education Plan. Eligible employees become members after completion of one year of service. At September 1, 2016, the valuation date, Pension Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	81
Terminated members entitled to, but not yet receiving benefits	28
Active members	<u>87</u>
	196

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

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

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

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

Summary of Significant Accounting Policies

Investments - Investments 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)*
JUNE 30, 2017

NOTE K - 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.

Rate of return - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Board of Education Plan

The components of the net pension liability of the Board of Education Plan at June 30, 2017, were as follows:

Total pension liability	\$ 15,850,282
Plan fiduciary net position	<u>14,081,057</u>
Town's net pension liability	<u><u>\$ 1,769,225</u></u>
Plan fiduciary net position as a percentage of the total pension liability	88.8%

The components of the change in the net pension liability of the Board of Education Plan for the year ended June 30, 2017, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2016	\$ 14,512,550	\$ 12,051,531	\$ 2,461,019
Changes for the year:			
Service cost	266,565	-	266,565
Interest	1,077,943	-	1,077,943
Experience (gains) losses	(367,559)	-	(367,559)
Change of assumptions	1,161,385	-	1,161,385
Contributions - employer	-	764,343	(764,343)
Net investment income	-	2,086,366	(2,086,366)
Benefit payments, including refunds	(800,602)	(800,602)	-
Administrative expense	-	(20,581)	20,581
Net changes	<u>1,337,732</u>	<u>2,029,526</u>	<u>(691,794)</u>
Balance as of June 30, 2017	<u><u>\$ 15,850,282</u></u>	<u><u>\$ 14,081,057</u></u>	<u><u>\$ 1,769,225</u></u>

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

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

Actuarial assumptions - The total pension liability for the Board of Education Plan was determined by an actuarial valuation as of September 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary increases, including inflation	3.50%
Investment rate of return, including inflation	7.00%
Discount rate	7.00%

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	60%	6.71%
Fixed Income	40%	2.11%
	<u>100%</u>	

Discount rate - The discount rate used to measure the total Board of Education pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Board of Education contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Board of Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

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

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Board of Education Plan, calculated using the discount rate of 7.00% as well as what the Board of Education Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1- percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
BOE Plan's net pension liability as of June 30, 2017	\$ 3,471,143	\$ 1,769,225	\$ 330,661

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2017, the Town recognized pension expense related to the Board of Education Plan of \$606,948. At June 30, 2017, the Town reported deferred inflows of resources related to the Board of Education Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 442,560	\$ 930,624
Changes of assumptions and demographics	757,476	278,500
Total	\$ 1,200,036	\$ 1,209,124

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30,		
2018	\$ 629,266	423,109
2019	428,195	320,703
2020	142,575	232,656
2021	-	232,656
	\$ 1,200,036	\$ 1,209,124

Payable to the Board of Education Plan

The Town has reported a liability of \$94,579 payable to the Board of Education Plan as of June 30, 2017 for the outstanding amount of contributions to the plan required for the year ended June 30, 2017.

TOWN OF WOLCOTT, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE K - 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, 2017 were \$30,010 and \$15,028, 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 and employee contributions for the year ended June 30, 2017 were \$10,500 and \$677,945, respectively.

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)*
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Teachers' Retirement System

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

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

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

The Town has recognized on-behalf payments of \$3,956,505 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2016 was \$14.245 billion, the most recent available reporting provided by the Board. The portion that was attributed to the Town totaled approximately \$57.8 million or approximately 0.406% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined.

The total pension liability as of June 30, 2017 was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation		2.75%
Salary increases	3.25% - 6.50%, including inflation	
Investment rate of return	8.0%, net of investment related expense	
Cost of living adjustments:		
Retirements prior to 9/1/1992		3.00%
Retirements on or after 9/1/1992		2.00%

For healthy retirees and beneficiaries, 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)*
JUNE 30, 2017

NOTE K - EMPLOYEE RETIREMENT PLANS *(Continued)*

Teachers' Retirement System *(Continued)*

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.80%
Developed Non-U.S. Equities	18.0%	6.60%
Fixed Income (Core)	7.0%	1.30%
Private Equity	11.0%	7.60%
Emerging Markets (Non-U.S.)	9.0%	8.30%
Alternative investments	8.0%	4.10%
Inflation Linked Bonds	3.0%	1.00%
Cash	6.0%	0.40%
Real Estate	7.0%	5.10%
Emerging Market Bonds	5.0%	3.70%
High Yield Bonds	5.0%	3.90%
	<u>100%</u>	

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount (8.00%)</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the net pension liability attributed to the Town	\$71.3 million	\$57.8 million	\$46.4 million

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Descriptions

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

At July 1, 2016, the valuation date, plan membership consisted of the following:

Current retirees, beneficiaries, and dependents	194
Current active participants	<u>363</u>
	557

Funding Policy

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

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

Town of Wolcott

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

Board of Education

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 1,918,729
Interest on net OPEB obligation	331,580
Adjustment to annual required contribution	<u>(412,014)</u>
Annual OPEB cost (expense)	1,838,295
Contributions made	<u>860,811</u>
Increase in net OPEB obligation	977,484
Net OPEB obligation, beginning of year	<u>8,289,488</u>
Net OPEB obligation, end of year	<u><u>\$ 9,266,972</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the years ended June 30, 2015 through 2017 is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2015	\$ 1,793,716	40.4%	\$ 7,301,089
2016	1,781,963	44.5%	8,289,488
2017	1,838,295	46.8%	9,266,972

Funded Status and Funding Progress

The funded status of both plans as of July 1, 2016, the date of the most recent actuarial valuation, was as follows:

<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(A)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL) -</u> <u>Projected Unit Credit</u> <u>Cost Method (B)</u>	<u>(Unfunded)</u> <u>AAL</u> <u>(UAAL)</u> <u>(B-A)</u>	<u>Funded</u> <u>Ratio</u> <u>(A/B)</u>	<u>Covered</u> <u>Payroll</u> <u>(C)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered</u> <u>Payroll</u> <u>((B-A)/C)</u>
\$ -	\$ 23,652,176	\$ (23,652,176)	0.0%	Not available	Not available

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

Funded Status and Funding Progress *(Continued)*

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

Actuarial Methods and Assumptions

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

Valuation date:	July 1, 2016
Actuarial cost method:	Entry Age Normal
Amortization method:	30-year Amortization Closed
Remaining amortization period:	22 years as of July 1, 2016
Asset valuation method:	N/A
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	4.00%
Healthcare cost trend rate - Nonmedicare	6.50% graded to 5.00% over three years
Healthcare cost trend rate	5.50% graded to 5.00% over one year
Drug cost trend rate	9.50% graded to 5.00% over nine years
Dental cost trend rate	4.00%

NOTE M - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. During fiscal 2017, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE M - RISK MANAGEMENT (Continued)

The Internal Service Fund was established on July 1, 1996 to provide health coverage for Town and Board of Education employees previously covered by insured hospital and major medical insurance. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$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, 2017. 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, 2016 and 2017 is as follows:

<u>Year Ended June 30</u>	<u>Claims Payable, Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable, End of Year</u>
2016	\$ 485,759	\$ 6,677,084	\$ 6,653,565	\$ 509,278
2017	509,278	7,508,968	7,486,670	531,576

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

NOTE N - COMMITMENTS AND CONTINGENCIES

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

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

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

As of June 30, 2017, the Town has recorded \$247,649 in encumbrances. Such encumbrances have been included in assigned fund balance in the accompanying balance sheet of governmental funds as of June 30, 2017.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE N - COMMITMENTS AND CONTINGENCIES *(Continued)*

Inter-municipal Agreements and Commitments

Bristol Resource Recovery Facility Operating Committee (Bristol Facility Policy Board)

The Town is a participant with thirteen (13) other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an intercommunity agreement to exercise certain rights on behalf of contracting municipalities in dealing with the trash-to-energy plant built by Ogden Martin Systems of Bristol, Inc., now known as Covanta Bristol, Inc. (Covanta) in Bristol, Connecticut. The governing board consists of city officials appointed by each of the participating municipalities and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town's expenditures to BRRFOC amounted to \$405,599 for the year ended June 30, 2017.

As reflected in BRRFOC's financial statements as of June 30, 2015, the most recent audited statements available, unrestricted net position and unassigned fund balance totaled \$7.3 million, a decrease of \$3.2 million over the prior year. This decrease includes \$2.5 million in distributions to the participating towns. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

In April 2005, BRRFOC issued \$41,920,000 in Solid Waste Revenue Refunding Bonds with interest rates varying from 3.0% to 5.0% to currently refund \$46,670,000 of outstanding special obligation bonds of the Connecticut Development Authority (Authority). The proceeds from the original bonds were loaned by the Authority to Covanta. Under the Service Agreement, the service fee is an obligation of the Contracting Municipalities to which each has pledged its full faith and credit. These bonds have been defeased as of August 2014.

NOTE O - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

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. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town has not yet determined the impact that this statement might have on its financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources— resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect 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, 2020. The Town has not yet determined the impact that this statement might have on its financial statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE P - SUBSEQUENT EVENTS

In October 2017, the Town issued \$11,300,000 of general obligation bonds, which were used to retire a portion of previously outstanding bond anticipation notes. The general obligation bonds issued bear interest rates ranging from 2.0% to 5.0% and mature in October 2042. The remaining portion of bond anticipation notes outstanding as of June 30, 2017, in the amount of \$410,000, were retired by the Town.

In November 2017, the Town issued \$2,630,000 of general obligation refunding bonds with interest rates ranging between 4.0% and 5.0%. The Town issued the bonds to advance refund the Town's outstanding 2010 general obligation bonds in the amount of \$2,820,000 with interest rates ranging from 3.0% to 4.125%. The Town used the net proceeds of \$2,945,965, including a premium received of \$388,283, to purchase U.S. Government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded bonds. The Town advance refunded the bonds to reduce its total debt service payments over the next 13 years by \$136,564.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 612,282	\$ 745,140	\$ 745,140	\$ 774,852
Interest	2,291,920	2,104,216	1,974,211	1,888,726
Changes in benefit terms	140,289	-	-	-
Differences between expected and actual experience	(1,137,220)	-	(1,339,217)	-
Changes of assumptions	1,506,515	-	(674,595)	(1,497,403)
Benefit payments, including refunds	(1,164,865)	(1,065,813)	(1,024,906)	(981,367)
Net change in total pension liability	2,248,921	1,783,543	(319,367)	184,808
Total pension liability - beginning	28,619,153	26,835,610	27,154,977	26,970,169
Total pension liability - ending	<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	1,345,461	1,158,500	1,058,150	1,025,000
Contributions - members	114,683	119,043	107,189	92,812
Net investment income	2,278,742	(182,181)	1,185,216	2,814,892
Benefit payments, including refunds	(1,164,865)	(1,065,813)	(1,024,906)	(981,367)
Administrative expense	(55,341)	(84,969)	(102,275)	(121,809)
Net change in plan fiduciary net position	2,518,680	(55,420)	1,223,374	2,829,528
Plan fiduciary net position - beginning	17,737,197	17,792,617	16,569,243	13,739,715
Plan fiduciary net position - ending	<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>\$ 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	65.62%	61.98%	66.30%	61.02%
Covered employee payroll	\$ 5,513,671	\$ 5,635,836	\$ 5,635,836	\$ 5,408,348
Town's net pension liability as a percentage of covered employee payroll	192.47%	193.09%	160.46%	195.73%

NOTES TO SCHEDULE:

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

Benefit Changes - None noted.

Assumption Changes - Changes in assumptions from the January 1, 2014 plan valuations are as follows:

- 1) The actuarial cost method was changed from projected unit credit to entry age normal.
- 2) Mortality assumption: this was updated using the RP-2014 with scale MP-2016 from RP-2000.
- 3) Net investment return assumption was changed to 7.25% from 8.00%.
- 4) Retirement rates: Updated to 50% at ages 65-66 and 100% at age 67.
- 5) Salary increase assumption has been decreased for all ages.
- 6) Administrative expense has been changed from \$10,000 to \$50,000.

See accompanying Independent Auditor's Report.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,345,461	\$ 1,158,247	\$ 1,058,150	\$ 1,022,367
Contributions in relation to the actuarially determined contribution	<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>\$ (253)</u>	<u>\$ -</u>	<u>\$ (2,633)</u>
Covered employee payroll	\$ 5,513,671	\$ 5,635,836	\$ 5,635,836	\$ 5,408,348
Contributions as a percentage of covered employee payroll	24.40%	20.56%	18.78%	18.95%
Annual money-weighted rate of return, net of investment expense	13.04%	-1.02%	7.18%	20.98%

NOTES TO SCHEDULE:

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

Actuarially determined contribution rates are calculated as of January 1, 2017, prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Amortization assuming 2.50% per year increase, closed
Remaining amortization period	22 years remaining as of valuation date
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years
Inflation	2.50%
Investment rate of return	7.25%
Salary increases	Varies 0.00% to 9.34%
Retirement age	Age 65 for Town Employees. Normal retirement age for Police Employees
Mortality	
Healthy:	RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant tables projected generationally with Scale MP-2016.
Disabled:	RP-2014 (adjusted back to 2006) Disabled Retiree table projected generationally with Scale MP-2016.

See accompanying Independent Auditor's Report.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 266,565	\$ 278,025	\$ 278,025	\$ 299,308
Interest	1,077,943	1,019,622	992,977	947,559
Differences between expected and actual experience	(367,559)	-	(684,393)	-
Changes of assumptions	1,161,385	-	508,697	353,104
Benefit payments, including refunds	(800,602)	(760,100)	(719,995)	(670,184)
Net change in total pension liability	<u>1,337,732</u>	<u>537,547</u>	<u>375,311</u>	<u>929,787</u>
Total pension liability - beginning	<u>14,512,550</u>	<u>13,975,003</u>	<u>13,599,692</u>	<u>12,669,905</u>
Total pension liability - ending	<u>15,850,282</u>	<u>14,512,550</u>	<u>13,975,003</u>	<u>13,599,692</u>
Plan fiduciary net position				
Contributions - employer	764,343	610,934	1,226,677	557,457
Net investment income	2,086,366	202,366	788,429	1,458,383
Benefit payments, including refunds	(800,602)	(760,100)	(719,995)	(670,184)
Administrative expense	(20,581)	(19,498)	(61,684)	(57,505)
Net change in plan fiduciary net position	<u>2,029,526</u>	<u>33,702</u>	<u>1,233,427</u>	<u>1,288,151</u>
Plan fiduciary net position - beginning	<u>12,051,531</u>	<u>12,017,829</u>	<u>10,784,402</u>	<u>9,496,251</u>
Plan fiduciary net position - ending	<u>14,081,057</u>	<u>12,051,531</u>	<u>12,017,829</u>	<u>10,784,402</u>
Town's net pension liability	<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	88.84%	83.04%	86.00%	79.30%
Covered employee payroll	\$ 2,721,990	\$ 2,984,471	\$ 2,984,471	\$ 3,196,222
Town's net pension liability as a percentage of covered employee payroll	65.00%	82.46%	65.58%	88.08%

NOTES TO SCHEDULE:

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

Benefit Changes - None noted.

Assumption Changes - In 2014, the mortality table was updated from the RP2000 combined healthy table to the RP2000 combined healthy table with Scale AA static projection to the valuation date and an additional 7 years of projection for annuitants and 15 years for non-annuitants.

In 2015, Administrative expense assumption was increased from \$50,000 to \$60,000. The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal. The amortization method for the unfunded actuarial accrued liability was changed from a level percent of pay to level dollar with remaining amortization period of 20 years.

In 2017, the mortality assumption was updated from the RP-2000 Combined Healthy Table with Scale AA static projection to the valuation date and an additional 7 years of projection for annuitants and 15 years for non-annuitants to the RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Tables projected generationally with Scale MP-2016. In addition, the net investment return rate was decreased from 7.50% to 7.00%, the turnover rates for paraprofessionals were increased by 2.0%, the administrative expense assumption was increased from \$60,000 to \$65,000 per year, and the salary increase assumption was decreased from 4.00% to 3.50%.

See accompanying Independent Auditor's Report.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 640,013	\$ 642,343	\$ 642,343	\$ 570,934
Contributions in relation to the actuarially determined contribution	<u>764,343</u>	<u>610,934</u>	<u>655,743</u>	<u>544,934</u>
Contribution deficiency (excess)	<u>\$ (124,330)</u>	<u>\$ 31,409</u>	<u>\$ (13,400)</u>	<u>\$ 26,000</u>
Covered employee payroll	\$ 2,721,990	\$ 2,984,471	\$ 2,984,471	\$ 3,196,222
Contributions as a percentage of covered employee payroll	28.08%	20.47%	21.97%	17.05%
Annual money-weighted rate of return, net of investment expense	16.84%	1.51%	7.18%	15.11%

NOTES TO SCHEDULE:

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

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level dollar amount, closed
Remaining amortization period	18 years as of September 1, 2016
Asset valuation method	Market value less unrecognized returns in each of the last five year:
Inflation	2.00%
Investment rate of return	7.00%
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	RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Tables projected generationally with Scale MP-2016

See accompanying Independent Auditor's Report.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.406%	0.425%	0.425%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	<u>57,772</u>	<u>46,682</u>	<u>43,148</u>
Total	<u>\$ 57,772</u>	<u>\$ 46,682</u>	<u>\$ 43,148</u>
Town's covered payroll	\$ 16,195	\$ 16,065	\$ 16,185
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

NOTES TO SCHEDULE:

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

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2017 is based on a June 30, 2016 measurement date).

Benefit changes: There were no changes in benefit terms that affected the measurement of the total pension liability.

Assumption changes: Since the prior valuation in 2015, new assumptions were adopted. Specifically:

- Inflation assumption was reduced from 3.00% to 2.75%.
- Real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
- The annual rate of wage increase assumption was reduced from 0.75% to 0.50%.
- The payroll growth assumption was reduced from 3.75% to 3.25%.
- Various demographic assumption changes utilizing the RPH-2014 mortality tables.

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS (UNAUDITED)
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2010	\$ -	\$ 21,462,037	\$ 21,462,037	0.0%	\$ 21,419,478	100.2%
July 1, 2012	-	20,645,315	20,645,315	0.0%	24,373,895	84.7%
July 1, 2014	-	19,045,930	19,045,930	0.0%	23,838,631	79.9%
July 1, 2016	-	23,652,176	23,652,176	0.0%	Not available	Not available

See accompanying Independent Auditor's Report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF WOLCOTT, CONNECTICUT
COMPARATIVE BALANCE SHEETS
GENERAL FUND
JUNE 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 5,243,049	\$ 4,048,163
Investments	980,000	980,000
Receivables:		
Property taxes and interest, net	1,669,810	1,326,543
Grants and contracts	2,010,913	2,616,526
Other	43,444	286,961
Due from other funds	502,417	436,452
Total assets	<u>\$ 10,449,633</u>	<u>\$ 9,694,645</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,688,547	\$ 1,423,508
Due to other funds	709	-
Unearned revenue	26,832	20,491
Total liabilities	<u>1,716,088</u>	<u>1,443,999</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue:		
Property taxes and interest	1,521,050	1,187,675
Grants and contracts	2,010,913	2,616,526
Total deferred inflows of resources	<u>3,531,963</u>	<u>3,804,201</u>
FUND BALANCES		
Assigned	247,649	140,367
Unassigned	4,953,933	4,306,078
Total fund balances	<u>5,201,582</u>	<u>4,446,445</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,449,633</u>	<u>\$ 9,694,645</u>

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PROPERTY TAXES				
Current levy	\$ 36,486,251	\$ 36,486,251	\$ 36,602,059	\$ 115,808
Prior year levies	500,000	500,000	500,022	22
Interest and lien fees	240,000	240,000	275,393	35,393
Credit card collections	11,000	11,000	5,768	(5,232)
Total property taxes	<u>37,237,251</u>	<u>37,237,251</u>	<u>37,383,242</u>	<u>145,991</u>
INTERGOVERNMENTAL REVENUES				
Education equalization grant	13,516,067	13,516,067	13,398,204	(117,863)
School bonded projects - principal	605,613	605,613	605,465	(148)
School bonded projects - interest	87,483	87,483	87,484	1
Town aid road grant	302,040	302,040	301,957	(83)
Municipal aid adjustment grant	234,916	234,916	234,916	-
Elderly tax relief - circuit breaker	161,984	161,984	150,596	(11,388)
Local capital improvements grant	228,958	228,958	114,479	(114,479)
Pequot grant	61,364	61,364	61,364	-
Medicare reimbursement	35,000	35,000	87,460	52,460
Veterans tax relief	28,257	28,257	23,942	(4,315)
Regional Water Authority - PILOT Program	9,092	9,092	9,361	269
Adult education	4,290	4,290	4,150	(140)
Totally disabled tax relief	2,248	2,248	2,528	280
Municipal revenue sharing	340,859	340,859	340,859	-
Total intergovernmental revenues	<u>15,618,171</u>	<u>15,618,171</u>	<u>15,422,765</u>	<u>(195,406)</u>
CHARGES FOR SERVICES				
Special education - tuition	50,000	50,000	88,948	38,948
Records money	1,300	1,300	1,361	61
Ambulance service fees	35,000	35,000	-	(35,000)
Parks and recreation	17,000	17,000	11,845	(5,155)
Zoning board of appeals	1,000	1,000	500	(500)
Rainbow day camp fees	800	800	1,250	450
Solicitor and vendor permits	100	100	110	10
Inland wetlands permits	1,500	1,500	662	(838)
Outside activities	2,000	2,000	-	(2,000)
Parking tickets	100	100	70	(30)
In-kind services	12,000	12,000	12,000	-
Total charges for services	<u>120,800</u>	<u>120,800</u>	<u>116,746</u>	<u>(4,054)</u>

(Continued)

See accompanying Independent Auditor's Report

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, 2017

	<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	\$ 221,000	\$ 221,000	\$ 269,318	\$ 48,318
Planning and zoning	15,000	15,000	16,238	1,238
Building permits	100,000	100,000	150,999	50,999
Recycling permits	17,000	17,000	38,121	21,121
Blasting permits	500	500	435	(65)
Police department permits	4,250	4,250	14,740	10,490
Total licenses and permits	<u>357,750</u>	<u>357,750</u>	<u>489,851</u>	<u>132,101</u>
INTEREST INCOME	<u>9,400</u>	<u>9,400</u>	<u>38,289</u>	<u>28,889</u>
OTHER REVENUES				
Library fines	12,000	12,000	8,233	(3,767)
False alarm fines	1,500	1,500	775	(725)
Vital statistics	75	75	52	(23)
Telephone access grant	34,000	34,000	32,519	(1,481)
Agency collection fees	5,000	5,000	817	(4,183)
Pavilion	1,500	1,500	2,950	1,450
Unanticipated revenues	65,000	65,000	37,377	(27,623)
Total other revenues	<u>119,075</u>	<u>119,075</u>	<u>82,723</u>	<u>(36,352)</u>
OTHER FINANCING SOURCES				
Transfers in:				
Water Assessment Fund	331,640	331,640	331,640	-
Farmingbury Golf Course	82,376	82,376	62,739	(19,637)
Capital Improvement Fund	125,000	125,000	125,000	-
Total other financing sources	<u>539,016</u>	<u>539,016</u>	<u>519,379</u>	<u>(19,637)</u>
Total revenues and other financing sources	<u>\$ 54,001,463</u>	<u>\$ 54,001,463</u>	<u>\$ 54,052,995</u>	<u>\$ 51,532</u>

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<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	\$ 223,235	\$ 223,235	\$ 222,774	\$ (461)
Treasurer's office	134,056	134,056	133,545	(511)
Finance office	288,205	288,202	287,587	(615)
Town council	76,320	76,320	75,132	(1,188)
Town clerk	186,108	186,108	183,116	(2,992)
Tax collector	191,571	191,571	179,765	(11,806)
Assessor	336,370	336,371	320,022	(16,349)
Board of assessment appeals	6,770	6,770	2,683	(4,087)
Building inspector	72,675	72,675	67,979	(4,696)
Planning and zoning	96,596	96,596	90,268	(6,328)
Inland/Wetlands conservation	8,850	8,850	2,944	(5,906)
Industrial development	3,000	3,000	-	(3,000)
Zoning board of appeals	3,550	3,550	1,742	(1,808)
Registrar of voters	79,475	79,475	68,268	(11,207)
Other general government:				
Wages	302,480	302,199	274,650	(27,549)
Benefits and insurance	2,793,078	2,795,160	2,758,436	(36,724)
Refuse and recycling	1,614,000	1,603,327	1,579,891	(23,436)
Legal and consulting	176,000	176,000	159,627	(16,373)
Tri-Town Health District	144,594	144,594	144,594	-
Street lighting	50,000	60,173	60,173	-
Other	500,404	499,104	468,374	(30,730)
Total general government	<u>7,287,337</u>	<u>7,287,336</u>	<u>7,081,570</u>	<u>(205,766)</u>
PUBLIC SAFETY				
Police department	3,924,987	3,973,989	3,937,611	(36,378)
Public safety communications	420,190	396,190	381,559	(14,631)
Animal control officer	72,410	72,410	72,376	(34)
Public safety buildings	111,203	111,203	96,949	(14,254)
Fire department	719,178	719,178	678,711	(40,467)
Fire marshal	47,505	47,505	45,132	(2,373)
Civil preparedness	25,025	25,025	15,510	(9,515)
Emergency planning commission	31,211	31,211	27,079	(4,132)
Volunteer ambulance	533,821	533,821	533,814	(7)
Total public safety	<u>5,885,530</u>	<u>5,910,532</u>	<u>5,788,741</u>	<u>(121,791)</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

	<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	\$ 2,275,203	\$ 2,250,203	\$ 2,066,456	\$ (183,747)
CULTURE AND RECREATION				
Parks and recreation	186,170	186,170	159,528	(26,642)
Library	427,515	427,514	384,656	(42,858)
Total culture and recreation	<u>613,685</u>	<u>613,684</u>	<u>544,184</u>	<u>(69,500)</u>
HEALTH AND WELFARE				
Commission on aging	165,408	165,408	155,409	(9,999)
Commission for special needs	47,816	47,816	43,732	(4,084)
Total health and welfare	<u>213,224</u>	<u>213,224</u>	<u>199,141</u>	<u>(14,083)</u>
BOARD OF EDUCATION	<u>33,631,095</u>	<u>33,631,095</u>	<u>33,629,671</u>	<u>(1,424)</u>
DEBT SERVICE				
Principal	3,225,890	3,227,967	3,227,967	-
Interest	869,499	867,422	867,410	(12)
Total debt service	<u>4,095,389</u>	<u>4,095,389</u>	<u>4,095,377</u>	<u>(12)</u>
Total expenditures	<u>\$ 54,001,463</u>	<u>\$ 54,001,463</u>	<u>\$ 53,405,140</u>	<u>\$ (596,323)</u>

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2017

Grand List Year	Balance Uncollected June 30, 2016	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2017
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2015	\$ -	\$ 37,426,129	\$ 64,058	\$ 87,498	\$ -	\$ 37,402,689	\$ 36,582,945	\$ 118,319	\$ 36,701,264	\$ 819,744
2014	676,467	-	1,774	11,317	-	666,924	307,484	76,684	384,168	359,440
2013	296,778	-	375	6,145	-	291,008	106,557	45,745	152,302	184,451
2012	108,152	-	1	4,106	-	104,047	47,679	22,930	70,609	56,368
2011	37,638	-	-	-	10,137	27,501	5,620	5,857	11,477	21,881
2010	19,023	-	-	-	18,770	253	253	6,200	6,453	-
2009	10,078	-	-	-	7,253	2,825	2,825	1,006	3,831	-
2008	4,537	-	-	-	4,440	97	97	468	565	-
2007	3,152	-	-	-	3,152	-	-	408	408	-
2006	1,185	-	-	-	1,185	-	-	721	721	-
2005	1,059	-	-	-	1,059	-	-	1,821	1,821	-
2004	1,054	-	-	-	1,054	-	-	1,292	1,292	-
2003	1,027	-	-	-	1,027	-	-	854	854	-
2002	1,019	-	-	-	1,019	-	-	-	-	-
2001	970	-	-	-	-	970	-	-	-	970
2000	673	-	-	-	673	-	-	-	-	-
	<u>\$ 1,162,812</u>	<u>\$ 37,426,129</u>	<u>\$ 66,208</u>	<u>\$ 109,066</u>	<u>\$ 49,769</u>	<u>\$ 38,496,314</u>	<u>\$ 37,053,460</u>	<u>\$ 282,305</u>	<u>\$ 37,335,765</u>	<u>\$ 1,442,854</u>

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2017

Total cash collections for the year ended
June 30, 2017:

Taxes	\$ 37,053,460
Interest and lien fees	282,305
Total	37,335,765
Reimbursement for revenue loss:	
Tax relief for elderly (CGS 12-129d)	177,066
Base	\$ 37,512,831

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 84,403,870	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	168,807,740	-	-	-
3-3/4 times base	-	-	140,673,116	-	-
3-1/4 times base	-	-	-	121,916,701	-
3 times base	-	-	-	-	112,538,493
Total debt limitation	84,403,870	168,807,740	140,673,116	121,916,701	112,538,493
Indebtedness:					
Bonds payable*	12,354,615	8,670,000	-	-	-
Bond anticipation notes payable	10,846,300	863,700	-	-	-
Note payable	-	-	498,252	-	-
Authorized but unissued bonds	-	40,000	-	-	-
Total indebtedness	23,200,915	9,573,700	498,252	-	-
Less: School construction grants receivable	-	2,010,913	-	-	-
Net indebtedness	23,200,915	7,562,787	498,252	-	-
Debt limitation in excess of outstanding and authorized debt	\$ 61,202,955	\$ 161,244,953	\$ 140,174,864	\$ 121,916,701	\$ 112,538,493
Total capacity of borrowing (7 times base)	\$ 262,589,817				
Total present indebtedness	31,261,954				
Margin for additional borrowing	\$ 231,327,863				

* In accordance with State Statutes, bonds payable consisting of water bonds totaling \$3,645,385 are excluded from this statement

See accompanying Independent Auditor's Report.

CAPITAL IMPROVEMENT FUND

TOWN OF WOLCOTT, CONNECTICUT
PROJECT STATUS SUMMARY
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Fund Balance June 30, 2016</u>	<u>Revenues</u>		<u>Expenditures</u>		<u>Transfers In (Out)</u>	<u>Fund Balance June 30, 2017</u>
		<u>Bond Proceeds</u>	<u>Other Income</u>	<u>Capital Outlay</u>	<u>Interest and Debt Issuance Costs</u>		
Current Capital Bonding Projects							
Various Capital Projects - Phase III	\$ (99,454)	\$ -	\$ 329,757	\$ 2,795	\$ 121,422	\$ 145,000	\$ 251,086
Various Capital Projects - Phase IV	<u>(10,390,690)</u>	<u>11,300,000</u>	<u>126,702</u>	<u>1,054,712</u>	<u>234,889</u>	<u>200,000</u>	<u>(53,589)</u>
Total	<u>\$ (10,490,144)</u>	<u>\$ 11,300,000</u>	<u>\$ 456,459</u>	<u>\$ 1,057,507</u>	<u>\$ 356,311</u>	<u>\$ 345,000</u>	<u>\$ 197,497</u>

See accompanying Independent Auditor's Report.

WATER ASSESSMENTS FUND

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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Water Assessment Phase 4	\$ -	\$ -	\$ 3,331	\$ 3,331
Water Assessment Phase 5	15,000	15,000	15,897	897
Water Assessment Phase 6	15,000	15,000	11,897	(3,103)
Water Assessment Phase 7	290,640	290,640	165,045	(125,595)
Water Assessment Phase 8	10,000	10,000	20,720	10,720
Water Assessment Phase 9	1,000	1,000	729	(271)
Interest Income	-	-	22	22
Total revenues	<u>331,640</u>	<u>331,640</u>	<u>217,641</u>	<u>(113,999)</u>
OTHER FINANCING USES				
Transfer to GF - Clinton Hill Water Principal	(128,000)	(128,000)	(128,000)	-
Transfer to GF - Clinton Hill Water Interest	(60,590)	(60,590)	(60,590)	-
Transfer to GF - Water Bond Refunding 2010 - Principal	(28,050)	(28,050)	(28,050)	-
Transfer to GF - Water Bond Refunding 2010 - Interest	(115,000)	(115,000)	(115,000)	-
Total other financing uses	<u>(331,640)</u>	<u>(331,640)</u>	<u>(331,640)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(113,999)	<u>\$ (113,999)</u>
Fund balance - beginning			<u>1,409,538</u>	
Fund balance - ending			<u>\$ 1,295,539</u>	

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

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF WOLCOTT, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Nonmajor Special Revenue Funds							
	Farmingbury Hills Country Club Fund	Acquired Facilities Woodtick Recreation Area	Miscellaneous Grants and Programs Fund	Police Department Asset Forfeiture Fund	Police Donations Fund	Sewer Usage Fund	Sewer Assessment Fund	Water Usage Fund
ASSETS								
Cash and cash equivalents	\$ 19,474	\$ 141,099	\$ 64,422	\$ 1,857	\$ 4,249	\$ 429,222	\$ 202,719	\$ 460,394
Investments	-	-	-	-	-	245,000	-	100,000
Receivables:								
Grants and contracts	-	-	201,520	-	-	-	-	-
Assessments, net	-	-	-	-	-	-	13,183	-
Usage fees, net	-	-	-	-	-	1,219,504	-	91,599
Other	-	250	-	-	-	-	-	-
Due from other funds	-	-	2,048	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 19,474</u>	<u>\$ 141,349</u>	<u>\$ 267,990</u>	<u>\$ 1,857</u>	<u>\$ 4,249</u>	<u>\$ 1,893,726</u>	<u>\$ 215,902</u>	<u>\$ 651,993</u>
LIABILITIES								
Accounts payable and accrued liabilities	\$ 36,535	\$ 1,031	\$ 41,023	\$ -	\$ -	\$ 335,371	\$ -	\$ 234,454
Due to other funds	306,910	2,148	184,108	-	-	3,402	-	1,383
Unearned revenue	-	-	5,357	-	-	-	-	-
Total liabilities	<u>343,445</u>	<u>3,179</u>	<u>230,488</u>	<u>-</u>	<u>-</u>	<u>338,773</u>	<u>-</u>	<u>235,837</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	-	-	-	-	-	387,122	13,183	74,945
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,122</u>	<u>13,183</u>	<u>74,945</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	37,502	1,857	4,249	-	-	-
Committed	-	138,170	-	-	-	1,167,831	202,719	341,211
Unassigned	(323,971)	-	-	-	-	-	-	-
Total fund balances	<u>(323,971)</u>	<u>138,170</u>	<u>37,502</u>	<u>1,857</u>	<u>4,249</u>	<u>1,167,831</u>	<u>202,719</u>	<u>341,211</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,474</u>	<u>\$ 141,349</u>	<u>\$ 267,990</u>	<u>\$ 1,857</u>	<u>\$ 4,249</u>	<u>\$ 1,893,726</u>	<u>\$ 215,902</u>	<u>\$ 651,993</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 JUNE 30, 2017

	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	\$ 11,328	\$ 40,373	\$ 272,803	\$ 5,227	\$ 200,772	\$ 40,276	\$ 22,602	\$ 137,090
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	-	53,003	-	-	-	-	-
Assessments, net	-	-	-	-	-	-	-	-
Usage fees, net	-	-	-	-	-	-	-	-
Other	11,751	-	4,471	-	2,300	-	489	12,864
Due from other funds	-	-	-	-	-	-	-	-
Inventories	-	-	21,592	-	-	-	-	-
Total assets	<u>\$ 23,079</u>	<u>\$ 40,373</u>	<u>\$ 351,869</u>	<u>\$ 5,227</u>	<u>203,072</u>	<u>\$ 40,276</u>	<u>\$ 23,091</u>	<u>\$ 149,954</u>
LIABILITIES								
Accounts payable and accrued liabilities	\$ 10,753	\$ 2,468	\$ 140	\$ -	-	\$ 5,888	\$ -	\$ 722
Due to other funds	3,691	-	-	-	-	1,339	-	-
Unearned revenue	-	13,707	26,074	-	2,300	-	-	-
Total liabilities	<u>14,444</u>	<u>16,175</u>	<u>26,214</u>	<u>-</u>	<u>2,300</u>	<u>7,227</u>	<u>-</u>	<u>722</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	-	-	21,592	-	-	-	-	-
Restricted	8,635	24,198	-	-	-	33,049	23,091	-
Committed	-	-	304,063	5,227	200,772	-	-	149,232
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>8,635</u>	<u>24,198</u>	<u>325,655</u>	<u>5,227</u>	<u>200,772</u>	<u>33,049</u>	<u>23,091</u>	<u>149,232</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,079</u>	<u>\$ 40,373</u>	<u>\$ 351,869</u>	<u>\$ 5,227</u>	<u>203,072</u>	<u>\$ 40,276</u>	<u>\$ 23,091</u>	<u>\$ 149,954</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2017

	Nonmajor Special Revenue Funds					Total Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
	Insurance Claims Fund	FHCC Monument/ Plaque Donation Fund	Senior Center Fund	BOE Summer Studies Fund	BOE Latch Key Program Fund		Capital and Nonrecurring Fund	
ASSETS								
Cash and cash equivalents	\$ 29,585	\$ 2,687	\$ 8,972	\$ 49,403	\$ 149,643	\$ 2,294,197	\$ 810	\$ 2,295,007
Investments	-	-	-	-	-	345,000	-	345,000
Receivables:								
Grants and contracts	-	-	-	-	-	254,523	-	254,523
Assessments, net	-	-	-	-	-	13,183	-	13,183
Usage fees, net	-	-	-	-	-	1,311,103	-	1,311,103
Other	-	-	-	-	-	32,125	-	32,125
Due from other funds	-	-	-	-	-	2,048	-	2,048
Inventories	-	-	-	-	-	21,592	-	21,592
Total assets	<u>\$ 29,585</u>	<u>\$ 2,687</u>	<u>\$ 8,972</u>	<u>\$ 49,403</u>	<u>\$ 149,643</u>	<u>\$ 4,273,771</u>	<u>\$ 810</u>	<u>\$ 4,274,581</u>
LIABILITIES								
Accounts payable and accrued liabilities	\$ 8,752	\$ -	\$ -	\$ -	\$ 24,850	\$ 701,987	\$ -	\$ 701,987
Due to other funds	-	-	-	-	-	502,981	-	502,981
Unearned revenue	-	-	-	-	-	47,438	-	47,438
Total liabilities	<u>8,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,850</u>	<u>1,252,406</u>	<u>-</u>	<u>1,252,406</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	-	-	-	-	-	475,250	-	475,250
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,250</u>	<u>-</u>	<u>475,250</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	21,592	-	21,592
Restricted	-	2,687	-	-	-	135,268	-	135,268
Committed	20,833	-	8,972	49,403	124,793	2,713,226	810	2,714,036
Unassigned	-	-	-	-	-	(323,971)	-	(323,971)
Total fund balances	<u>20,833</u>	<u>2,687</u>	<u>8,972</u>	<u>49,403</u>	<u>124,793</u>	<u>2,546,115</u>	<u>810</u>	<u>2,546,925</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,585</u>	<u>\$ 2,687</u>	<u>\$ 8,972</u>	<u>\$ 49,403</u>	<u>\$ 149,643</u>	<u>\$ 4,273,771</u>	<u>\$ 810</u>	<u>\$ 4,274,581</u>

(Concluded)

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Nonmajor Special Revenue Funds							
	Farmingbury Hills Country Club Fund	Acquired Facilities Woodtick Recreation Area	Miscellaneous Grants and Programs Fund	Police Department Asset Forfeiture Fund	Police Donations Fund	Sewer Usage Fund	Sewer Assessment Fund	
REVENUES								
Intergovernmental	\$ -	\$ -	\$ 574,745	\$ 2,965	\$ -	\$ -	\$ -	\$ -
Charges for services	470,334	111,789	-	-	-	1,065,064	-	393,537
Interest income	14	-	86	-	-	1,640	-	853
Other	-	-	1,158	-	1,740	-	2	223
Total revenues	<u>470,348</u>	<u>111,789</u>	<u>575,989</u>	<u>2,965</u>	<u>1,740</u>	<u>1,066,704</u>	<u>2</u>	<u>394,613</u>
EXPENDITURES								
Current:								
General government	-	-	40,785	-	-	-	-	-
Public safety	-	-	33,994	8,287	2,905	-	-	-
Public works	-	-	1,598	-	-	724,577	-	294,887
Culture and recreation	533,358	89,282	2,255	-	-	-	-	-
Health and welfare	-	-	9,575	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital outlays	2,500	10,386	481,808	-	-	422	-	11,400
Debt service:								
Principal payments	37,165	-	-	-	-	160,069	-	-
Interest and fiscal charges	3,462	-	-	-	-	12,241	-	-
Total expenditures	<u>576,485</u>	<u>99,668</u>	<u>570,015</u>	<u>8,287</u>	<u>2,905</u>	<u>897,309</u>	<u>-</u>	<u>306,287</u>
Excess (deficiency) of revenues over expenditures	(106,137)	12,121	5,974	(5,322)	(1,165)	169,395	2	88,326
OTHER FINANCING SOURCES (USES)								
Transfers in	70,000	-	-	-	-	-	-	-
Transfers out	(62,739)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>7,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(98,876)	12,121	5,974	(5,322)	(1,165)	169,395	2	88,326
Fund balances - beginning	<u>(225,095)</u>	<u>126,049</u>	<u>31,528</u>	<u>7,179</u>	<u>5,414</u>	<u>998,436</u>	<u>202,717</u>	<u>252,885</u>
Fund balances - ending	<u>\$ (323,971)</u>	<u>\$ 138,170</u>	<u>\$ 37,502</u>	<u>\$ 1,857</u>	<u>\$ 4,249</u>	<u>\$ 1,167,831</u>	<u>\$ 202,719</u>	<u>\$ 341,211</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2017

	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	
REVENUES								
Intergovernmental	\$ -	\$ 1,548,265	\$ 370,071	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	30,210	9,135	695,129	-	-	-	6,216	146,477
Interest income	-	4	466	-	-	416	-	-
Other	14,062	-	-	229	-	9,820	-	-
Total revenues	<u>44,272</u>	<u>1,557,404</u>	<u>1,065,666</u>	<u>229</u>	<u>-</u>	<u>10,236</u>	<u>6,216</u>	<u>146,477</u>
EXPENDITURES								
Current:								
General government	-	-	-	75	-	-	1,308	-
Public safety	34,687	-	-	-	-	-	-	141,591
Public works	-	-	-	-	-	-	-	-
Culture and recreation	1,800	-	-	-	-	5,911	-	-
Health and welfare	-	-	-	-	-	-	-	-
Education	-	1,554,875	1,067,753	-	-	-	-	-
Capital outlays	-	-	-	-	-	37,111	47,797	72,455
Debt service:								
Principal payments	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>36,487</u>	<u>1,554,875</u>	<u>1,067,753</u>	<u>75</u>	<u>-</u>	<u>43,022</u>	<u>49,105</u>	<u>214,046</u>
Excess (deficiency) of revenues over expenditures	7,785	2,529	(2,087)	154	-	(32,786)	(42,889)	(67,569)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,785	2,529	(2,087)	154	-	(32,786)	(42,889)	(67,569)
Fund balances - beginning	850	21,669	327,742	5,073	200,772	65,835	65,980	216,801
Fund balances - ending	<u>\$ 8,635</u>	<u>\$ 24,198</u>	<u>\$ 325,655</u>	<u>\$ 5,227</u>	<u>\$ 200,772</u>	<u>\$ 33,049</u>	<u>\$ 23,091</u>	<u>\$ 149,232</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2017

	Nonmajor Special Revenue Funds					Total Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
	Insurance Claims Fund	FHCC Monument/ Plaque Donation Fund	Senior Center Fund	BOE Summer Studies Fund	BOE Latch Key Program Fund		Capital and Nonrecurring Fund	
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,496,046	\$ -	\$ 2,496,046
Charges for services	-	-	-	58,746	368,551	3,355,188	-	3,355,188
Interest income	-	-	-	24	73	3,576	5	3,581
Other	127,771	125	1,806	-	-	156,936	-	156,936
Total revenues	<u>127,771</u>	<u>125</u>	<u>1,806</u>	<u>58,770</u>	<u>368,624</u>	<u>6,011,746</u>	<u>5</u>	<u>6,011,751</u>
EXPENDITURES								
Current:								
General government	5,172	-	-	-	-	47,340	-	47,340
Public safety	9,487	-	-	-	-	230,951	-	230,951
Public works	-	-	-	-	-	1,021,062	-	1,021,062
Culture and recreation	3,575	-	-	-	-	636,181	-	636,181
Health and welfare	-	-	431	-	-	10,006	-	10,006
Education	-	-	-	56,739	378,782	3,058,149	-	3,058,149
Capital outlays	108,380	-	-	-	-	772,259	-	772,259
Debt service:								
Principal payments	-	-	-	-	-	197,234	-	197,234
Interest and fiscal charges	-	-	-	-	-	15,703	-	15,703
Total expenditures	<u>126,614</u>	<u>-</u>	<u>431</u>	<u>56,739</u>	<u>378,782</u>	<u>5,988,885</u>	<u>-</u>	<u>5,988,885</u>
Excess (deficiency) of revenues over expenditures	1,157	125	1,375	2,031	(10,158)	22,861	5	22,866
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	70,000	-	70,000
Transfers out	-	-	-	-	-	(62,739)	-	(62,739)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,261</u>	<u>-</u>	<u>7,261</u>
Net change in fund balances	1,157	125	1,375	2,031	(10,158)	30,122	5	30,127
Fund balances - beginning	19,676	2,562	7,597	47,372	134,951	2,515,993	805	2,516,798
Fund balances - ending	<u>\$ 20,833</u>	<u>\$ 2,687</u>	<u>\$ 8,972</u>	<u>\$ 49,403</u>	<u>\$ 124,793</u>	<u>\$ 2,546,115</u>	<u>\$ 810</u>	<u>\$ 2,546,925</u>

(Concluded)

See accompanying Independent Auditor's Report.

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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Interest Income	\$ -	\$ -	\$ 2	\$ 2
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	2	<u>\$ 2</u>
Fund balance - beginning			<u>202,717</u>	
Fund balance - ending			<u>\$ 202,719</u>	

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - WATER USAGE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
REVENUES				
Water Usage	\$ 372,955	\$ 372,955	\$ 374,663	\$ 1,708
Water Meter Set-Up Parts	17,700	17,700	6,174	(11,526)
Unanticipated Revenues	15,000	15,000	223	(14,777)
Water Connection Revenues	14,000	14,000	12,000	(2,000)
Water Permits and Applications	1,000	1,000	700	(300)
CD Interest	850	850	852	2
Total revenues	<u>421,505</u>	<u>421,505</u>	<u>394,612</u>	<u>(26,893)</u>
EXPENDITURES				
Water Usage	230,000	230,000	160,842	(69,158)
Electricity	24,000	24,000	23,735	(265)
Medical Insurance	20,960	20,960	20,960	-
Water Meter Set-Up Parts	17,700	17,700	5,239	(12,461)
Salary/Administrative	17,646	17,646	17,714	68
Wages - Operations	17,256	17,256	15,997	(1,259)
Maintenance - Water	16,000	16,000	4,503	(11,497)
Testing Costs	15,574	15,574	5,455	(10,119)
Capital Outlay	12,000	12,000	11,400	(600)
Wages - Clerical	11,853	11,853	10,533	(1,320)
Tele-Communications	6,800	6,800	2,777	(4,023)
Liability Insurance	5,640	5,640	5,640	-
Pension Plan	4,550	4,550	4,550	-
Social Security	3,810	3,810	3,494	(316)
Workers Compensation Ins	2,360	2,360	2,360	-
In-Kind Services	2,100	2,100	2,100	-
Legal & Consulting Services	2,000	2,000	-	(2,000)
Part-Time Engineer & Architect	1,643	1,643	1,648	5
In-Service Training	1,500	1,500	310	(1,190)
Operating Reserve	1,325	1,325	1,325	-
Postage	1,300	1,300	1,300	-
QDS Assessment Support	1,112	1,112	1,112	-
QDS Bill Prep	1,056	1,056	1,039	(17)
Fuel, Heating	850	850	78	(772)
Bank Service Fees	850	850	934	84
Office Supplies	750	750	382	(368)
Dues and Fees	700	700	689	(11)
Group Life Insurance	170	170	170	-
Total expenditures	<u>421,505</u>	<u>421,505</u>	<u>306,286</u>	<u>(115,219)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	88,326	<u>\$ 88,326</u>
Fund balance - beginning			<u>252,885</u>	
Fund balance - ending			<u>\$ 341,211</u>	

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER USAGE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
REVENUES				
Sewer Usage	\$ 852,000	\$ 852,000	\$ 1,028,446	\$ 176,446
Connection Fees	50,000	50,000	32,600	(17,400)
CD Interest	1,450	1,450	1	(1,449)
Sewer Permits and Applications	1,000	1,000	3,500	2,500
STIF Interest Sewer Usage	250	250	1,501	1,251
STIF Interest STP Upgrade	50	50	139	89
Unanticipated Revenues	-	-	518	518
Total revenues	<u>904,750</u>	<u>904,750</u>	<u>1,066,705</u>	<u>161,955</u>
EXPENDITURES				
Sewer Usage	450,000	450,000	325,302	(124,698)
Waterbury Sewer Filter Plant	183,921	183,921	172,310	(11,611)
Medical Insurance	83,840	83,840	83,840	-
Salary/Administrative	70,583	70,855	70,855	-
Wages - Operations	69,275	69,544	69,544	-
Capital Outlay	55,000	55,000	422	(54,578)
Wages - Clerical	41,832	41,832	40,618	(1,214)
Liability Insurance	20,790	20,790	20,790	-
Part-Time Billing Clerk	19,793	20,086	20,086	-
Pension Plan	18,210	18,210	18,210	-
Social Security	17,020	17,020	15,181	(1,839)
Maintenance - Sewer	15,000	15,000	11,115	(3,885)
Electricity	10,912	10,912	7,392	(3,520)
Legal & Consulting Services	10,000	10,000	70	(9,930)
In-Kind Services	7,500	7,500	7,500	-
Wages - Part Time	6,000	5,154	1,515	(3,639)
Operating Reserve	5,860	5,860	5,860	-
Gas/Diesel	5,500	5,500	3,701	(1,799)
Tele-communications	5,400	5,400	1,653	(3,747)
Overtime	5,000	5,000	2,377	(2,623)
Maintenance - Equipment	5,000	5,000	4,388	(612)
Other	23,078	23,090	14,581	(8,509)
Total expenditures	<u>1,129,514</u>	<u>1,129,514</u>	<u>897,310</u>	<u>(232,204)</u>
OTHER FINANCING SOURCE				
Transfer in from General Fund	<u>224,764</u>	<u>224,764</u>	<u>-</u>	<u>(224,764)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>169,395</u>	<u>\$ (295,013)</u>
Fund balance - beginning			<u>998,436</u>	
Fund balance - ending			<u>\$ 1,167,831</u>	

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - ACQUIRED FACILITIES FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
REVENUES				
Gate Receipts	\$ 42,500	\$ 42,500	\$ 69,281	\$ 26,781
Funds Carried Forward	37,152	37,152	-	(37,152)
Rental of Facilities	17,000	17,000	17,900	900
Food Sales	15,460	15,460	17,608	2,148
Security Deposits	4,000	4,000	4,000	-
Housing Rental Income	3,000	3,000	3,000	-
Total revenues	<u>119,112</u>	<u>119,112</u>	<u>111,789</u>	<u>(7,323)</u>
EXPENDITURES				
Wages - Operations	40,731	40,731	40,616	(115)
Salary/Administrative	15,961	15,961	15,961	-
Capital Outlays	15,000	15,000	10,387	(4,613)
Snack Bar Supplies	9,500	9,500	8,145	(1,355)
Maintenance & Repair - Building	9,000	9,000	6,162	(2,838)
Maintenance - Equipment	5,500	5,500	957	(4,543)
Maintenance - Dam/Reservoirs	5,000	5,000	-	(5,000)
Social Security	4,340	4,340	4,328	(12)
Picnic Refunds	4,000	4,000	4,000	-
Legal & Consulting Services	3,500	3,500	-	(3,500)
Heat and Light	3,375	3,375	3,586	211
Liability Insurance	2,870	2,870	2,870	-
Operation Expense	2,400	2,400	468	(1,932)
Fish Stocking	2,000	2,000	-	(2,000)
Maintenance Supplies	1,200	1,200	689	(511)
Workers Compensation Ins	700	700	700	-
Office Supplies	700	700	249	(451)
In-Kind Services	400	400	400	-
Recertification	200	200	-	(200)
Tele-Communications	150	150	150	-
Health License	85	85	-	(85)
Total expenditures	<u>126,612</u>	<u>126,612</u>	<u>99,668</u>	<u>(26,944)</u>
OTHER FINANCING SOURCE				
Transfer in from General Fund	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>(7,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>12,121</u>	<u>\$ 12,121</u>
Fund balance - beginning			<u>126,049</u>	
Fund balance - ending			<u>\$ 138,170</u>	

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

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - FARMINGBURY HILLS COUNTRY CLUB FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
REVENUES				
Cart Rentals	\$ 259,300	\$ 259,300	\$ 192,869	\$ (66,431)
Greens Fees	160,967	160,967	136,657	(24,310)
Season Passes	90,000	90,000	68,240	(21,760)
Facility Rentals	49,000	49,000	48,099	(901)
Surcharge Revenue	25,000	25,000	16,305	(8,695)
Groupon Sales	16,000	16,000	7,693	(8,307)
Other	-	-	486	486
Total revenues	<u>600,267</u>	<u>600,267</u>	<u>470,349</u>	<u>(129,918)</u>
EXPENDITURES				
Wages - Operations	178,900	177,381	177,381	-
Salary/Golf Pro	76,100	76,100	74,860	(1,240)
Bond Repayment Club House	47,543	47,543	47,543	-
Salary/Admin Supervisor	47,163	48,091	48,091	-
Equipment Lease	25,740	25,740	25,738	(2)
Fertilizers and Chemicals	25,000	25,000	23,163	(1,837)
Social Security	20,915	20,915	19,195	(1,720)
Overtime	18,526	26,329	25,452	(877)
Maintenance/Repair & Supplies	17,500	17,590	17,590	-
Electricity	16,500	19,993	19,993	-
Maintenance - Equip/Reel Sharpening	16,500	16,500	16,211	(289)
Bond Principal - Land	16,250	5,050	-	(5,050)
Bond Interest Club House	15,196	15,196	15,196	-
Golf Cart Lease	14,889	14,889	14,889	-
Operating Reserve	9,650	9,650	9,650	-
Workers Compensation Ins	8,790	8,790	8,790	-
Liability Insurance	8,005	8,005	8,005	-
Wages - Seasonal Help	8,000	9,488	9,488	-
Fuels - Gas, Oil, Diesel	8,000	8,000	6,734	(1,266)
Fuel, Heating	7,300	7,300	6,406	(894)
Property Taxes	6,200	6,200	5,456	(744)
Refuse Disposal	6,000	6,000	4,124	(1,876)
Maintenance - Greens	6,000	6,000	5,454	(546)
Bank Service Fees	6,000	6,241	6,241	-
Rangers	5,500	2,100	1,431	(669)
Custodial Club House	5,500	5,500	5,412	(88)
Sand, Stone, & Loam	5,000	5,000	4,079	(921)
Seed, Sod, Flower, Landscaping	5,000	5,000	4,322	(678)
Other	38,600	40,676	28,330	(12,346)
Total expenditures	<u>670,267</u>	<u>670,267</u>	<u>639,224</u>	<u>(31,043)</u>
OTHER FINANCING SOURCE				
Transfer in from General Fund	<u>70,000</u>	<u>70,000</u>	70,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(98,875)	<u>\$ (98,875)</u>
Fund balance - beginning			<u>(225,095)</u>	
Fund balance - ending			<u>\$ (323,970)</u>	

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

FIDUCIARY FUNDS

TOWN OF WOLCOTT, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2017

	Town General Pension Trust Fund	Board of Education Pension Trust Fund	Total Pension Trust Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 520,357	\$ -	\$ 520,357
Investments	19,620,637	14,081,057	33,701,694
Contributions receivable	114,883	94,579	209,462
Total assets	<u>20,255,877</u>	<u>14,175,636</u>	<u>34,431,513</u>
 NET POSITION			
Held in trust for pension benefits	<u>\$ 20,255,877</u>	<u>\$ 14,175,636</u>	<u>\$ 34,431,513</u>

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Town General Pension Trust Fund	Board of Education Pension Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 1,345,461	\$ 702,513	\$ 2,047,974
Plan members	114,243	-	114,243
Total contributions	<u>1,459,704</u>	<u>702,513</u>	<u>2,162,217</u>
Investment earnings:			
Net change in the fair value of investments	2,005,717	1,974,251	3,979,968
Interest and dividends	317,690	166,822	484,512
Total investment earnings	<u>2,323,407</u>	<u>2,141,073</u>	<u>4,464,480</u>
Less investment fee expense	102,121	54,706	156,827
Total investment earnings, net	<u>2,221,286</u>	<u>2,086,367</u>	<u>4,307,653</u>
Total additions	<u>3,680,990</u>	<u>2,788,880</u>	<u>6,469,870</u>
DEDUCTIONS			
Benefit payments	1,160,553	800,602	1,961,155
Administrative expenses	55,341	20,581	75,922
Total deductions	<u>1,215,894</u>	<u>821,183</u>	<u>2,037,077</u>
Change in net position	2,465,096	1,967,697	4,432,793
Net position - beginning	<u>17,790,781</u>	<u>12,207,939</u>	<u>29,998,720</u>
Net position - ending	<u>\$ 20,255,877</u>	<u>\$ 14,175,636</u>	<u>\$ 34,431,513</u>

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2017

	Student Activity Fund	Performance Bond Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 165,843	\$ 332,479	\$ 498,322
Total assets	<u>\$ 165,843</u>	<u>\$ 332,479</u>	<u>\$ 498,322</u>
LIABILITIES			
Due to student groups	\$ 165,843	\$ -	\$ 165,843
Due to others	-	332,479	332,479
Total liabilities	<u>\$ 165,843</u>	<u>\$ 332,479</u>	<u>\$ 498,322</u>

See accompanying Independent Auditor's Report.

TOWN OF WOLCOTT, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2017</u>
Student Activity Fund				
Assets				
Cash and cash equivalents:				
Alcott Elementary School	\$ 6,103	\$ 23,247	\$ 24,324	\$ 5,026
Frisbie Elementary School	11,072	31,418	32,082	10,408
Wakelee Elementary School	4,946	24,308	24,296	4,958
Tyrrell Middle School	47,768	251,421	260,040	39,149
Wolcott High School	90,288	346,809	330,795	106,302
Total assets	<u>\$ 160,177</u>	<u>\$ 677,203</u>	<u>\$ 671,537</u>	<u>\$ 165,843</u>
Liabilities				
Due to student groups	\$ 160,177	\$ 677,203	\$ 671,537	\$ 165,843
Total liabilities	<u>\$ 160,177</u>	<u>\$ 677,203</u>	<u>\$ 671,537</u>	<u>\$ 165,843</u>
Performance Bond Fund				
Assets				
Cash and cash equivalents	\$ 176,495	\$ 237,477	\$ 81,493	\$ 332,479
Total assets	<u>\$ 176,495</u>	<u>\$ 237,477</u>	<u>\$ 81,493</u>	<u>\$ 332,479</u>
Liabilities				
Due to others	\$ 176,495	\$ 237,477	\$ 81,493	\$ 332,479
Total liabilities	<u>\$ 176,495</u>	<u>\$ 237,477</u>	<u>\$ 81,493</u>	<u>\$ 332,479</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 336,672	\$ 914,680	\$ 753,030	\$ 498,322
Total assets	<u>\$ 336,672</u>	<u>\$ 914,680</u>	<u>\$ 753,030</u>	<u>\$ 498,322</u>
Liabilities				
Due to student groups	\$ 160,177	\$ 677,203	\$ 671,537	\$ 165,843
Due to others	176,495	237,477	81,493	332,479
Total liabilities	<u>\$ 336,672</u>	<u>\$ 914,680</u>	<u>\$ 753,030</u>	<u>\$ 498,322</u>

See accompanying Independent Auditor's Report.