

**TOWN OF WOLCOTT, CONNECTICUT**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2018**

**TOWN OF WOLCOTT, CONNECTICUT**  
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AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Wolcott, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wolcott, Connecticut (the "Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, the budgetary comparison information and the schedules on the Town's pension plans and other post-employment benefit program on pages 72 through 89 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 90 through 111 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants  
Glastonbury, Connecticut  
December 12, 2018

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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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, 2018.

**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 \$21,751,749 (net position). Of this amount, \$28,625,976 represents a deficit in the Town's unrestricted net position. This deficit is primarily attributed to the Town's liabilities for pension and other post-employment benefits, which are being funded on an annual basis by the Town based on actuarially determined contributions.
- The Town's total net position increased by \$1,000,944 during the current fiscal year.
- The beginning net position of the Town was decreased by \$18,907,786 as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. This decrease represented the difference between the net other post-employment benefits obligation previously recognized in accordance with GASB Statement No. 45 and the total other post-employment liability recognized in accordance with GASB Statement No. 75.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,200,550, an increase of \$913,993 in comparison with the prior year. This increase is primarily attributed to the receipt of all remaining school bond principal and interest reimbursements due from the State of Connecticut for school construction projects completed and bonded in prior years. The Town has set aside \$1,489,348 for the purpose of reducing future years debt service payments on the related debt.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,028,211 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 \$891,728 or 0.1%.
- The Town's total long-term bonded debt increased by \$8,125,000 or 32.9%. This increase is attributed to the issuance of \$11,300,000 in general obligation bonds used to retire previously outstanding bond anticipation notes, the issuance of \$2,630,000 in general obligation bonds used to refund \$2,820,000 in previously outstanding general obligation bonds, offset by scheduled debt service payments.

**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.

**TOWN OF WOLCOTT, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**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.

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.

**TOWN OF WOLCOTT, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

***Governmental Funds (Continued)***

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 21 of this report.

***Proprietary Funds***

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

The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

***Fiduciary Funds***

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

The basic fiduciary fund financial statements can be found on pages 25 through 26 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 27 through 71 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 72 through 89 of this report. Combining and individual fund financial statements and schedules can be found on pages 90 through 111 of this report.

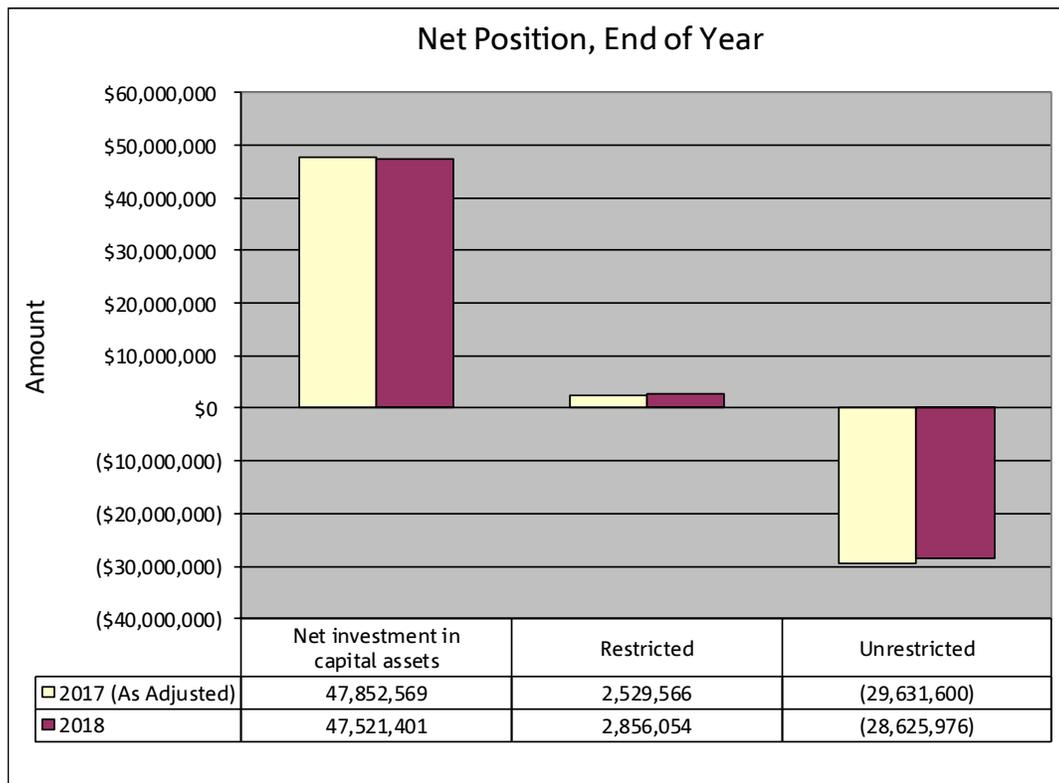
**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$21,751,479 as of June 30, 2018 and \$20,750,535 as of June 30, 2017, as adjusted for the implementation of GASB Statement No. 75, and is summarized as follows.

	2018	2017 (As Adjusted)	\$ Variance	% Variance
Current and other assets	\$ 28,164,162	\$ 21,598,331	\$ 6,565,831	30.4%
Capital assets, net	84,829,033	85,720,761	(891,728)	-1.0%
Total assets	<u>112,993,195</u>	<u>107,319,092</u>	<u>5,674,103</u>	<u>5.3%</u>
Deferred outflows of resources	2,922,780	4,353,424	(1,430,644)	-32.9%
Long-term liabilities	77,590,601	72,412,739	5,177,862	7.2%
Other liabilities	11,411,942	15,031,490	(3,619,548)	-24.1%
Total liabilities	<u>89,002,543</u>	<u>87,444,229</u>	<u>1,558,314</u>	<u>1.8%</u>
Deferred inflows of resources	5,161,953	3,477,752	1,684,201	48.4%
Net position:				
Net investment in capital assets	47,521,401	47,852,569	(331,168)	-0.7%
Restricted	2,856,054	2,529,566	326,488	12.9%
Unrestricted	<u>(28,625,976)</u>	<u>(29,631,600)</u>	<u>1,005,624</u>	<u>3.4%</u>
Total net position	<u>\$ 21,751,479</u>	<u>\$ 20,750,535</u>	<u>\$ 1,000,944</u>	<u>4.8%</u>



**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

**Net Position (Continued)**

Of the Town's net position, 218.5% 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.

13.1% 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 \$1,000,944.

**Changes in Net Position**

Changes in net position for the years ended June 30, 2018 and 2017 are as follows. Reclassifications have been made to the amounts reported for the year ended June 30, 2017 to conform with the current year presentation. The amounts reported for the year ended June 30, 2017 have not been adjusted for the implementation of GASB Statement No. 75, since the effects of the adjustments on the statements of changes in net position are not readily determinable.

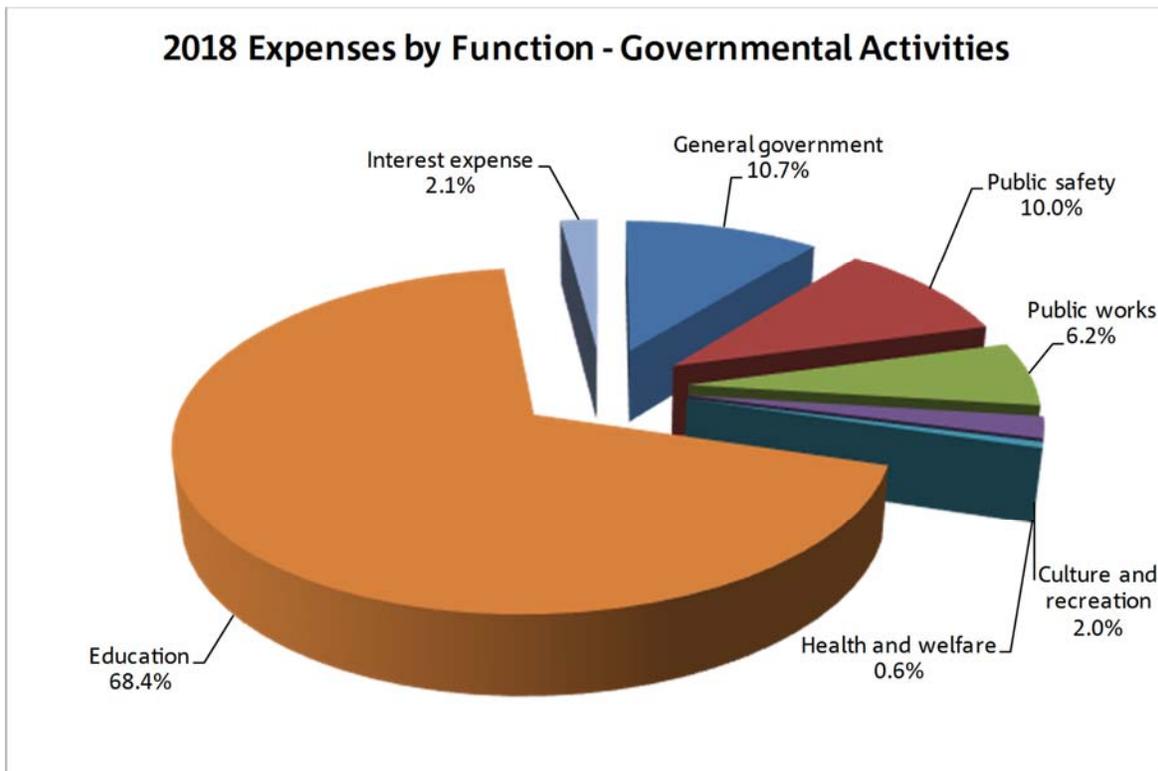
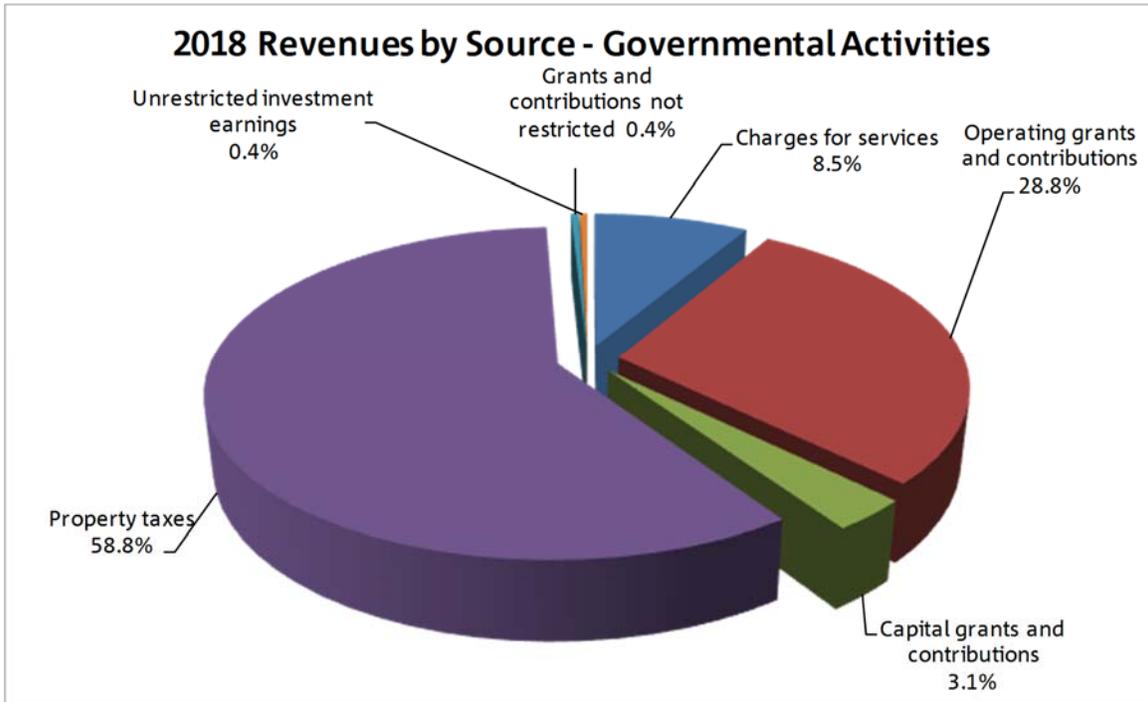
	2018	2017	\$ Variance	% Variance
Program revenues:				
Charges for services	\$ 5,964,941	\$ 5,986,110	\$ (21,169)	-0.4%
Operating grants and contributions	20,167,842	22,554,823	(2,386,981)	-10.6%
Capital grants and contributions	2,174,300	1,480,409	693,891	46.9%
General revenues:				
Property taxes	41,100,125	37,716,617	3,383,508	9.0%
Grants and contributions not restricted	309,316	666,618	(357,302)	-53.6%
Unrestricted investment earnings	286,550	41,902	244,648	583.9%
Total revenues	<u>70,003,074</u>	<u>68,446,479</u>	<u>1,556,595</u>	2.3%
Program expenses:				
General government	7,388,288	7,393,105	(4,817)	-0.1%
Public safety	6,932,395	6,919,718	12,677	0.2%
Public works	4,300,432	4,408,109	(107,677)	-2.4%
Culture and recreation	1,427,511	1,375,732	51,779	3.8%
Health and welfare	391,115	364,808	26,307	7.2%
Education	47,167,054	45,629,643	1,537,411	3.4%
Interest expense	1,395,335	1,010,194	385,141	38.1%
Total expenses	<u>69,002,130</u>	<u>67,101,309</u>	<u>1,900,821</u>	2.8%
Change in net position	<u>\$ 1,000,944</u>	<u>\$ 1,345,170</u>	<u>\$ (344,226)</u>	-25.6%

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

**Changes in Net Position (Continued)**



**TOWN OF WOLCOTT, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Governmental Activities**

Governmental activities increased the Town's net position by \$1,000,944.

Revenues generated by the Town increased by \$1,556,595 or 2.3% in comparison to revenues reported in the prior year. Key elements of the current year change in revenues included an increase in tax revenues of approximately \$3.4 million or 9.0%, which was offset by reductions in State aid, including a \$1,734,278 reduction in the amount received by the Town from the State of Connecticut's education cost sharing grant.

Expenses incurred by the Town increased by \$1,900,821 or 2.8%, when compared to the prior year. This increase was primarily attributed to an increase in budgeted education expenditures from 2017 due to higher contractual and special education tuition costs and an anticipated increase in interest expense in relation to scheduled debt service payments.

**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 \$10,200,550, an increase of \$913,993 in comparison with the prior year. Of this amount, \$2,389,480 constitutes a deficit in unassigned fund balance. The deficit represents a temporary deficit due to the use of \$7,000,000 in short-term bond anticipation notes to fund ongoing capital projects. This deficit is expected to be financed on a long-term basis upon completion of the projects.

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,028,211, while total fund balance was \$5,960,651. 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 \$759,069 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)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Capital Improvement Fund**

The Capital Improvement Fund has a deficit fund balance of \$1,350,857 as of June 30, 2018, which is a \$1.5 million decrease in the fund balance from the prior year. This decrease is primarily attributable to the use of short-term bond anticipation notes to fund current year capital outlays. Significant capital outlays consisted of road reconstruction and repairs, and the acquisition of a fire department breathing apparatus and related equipment.

**Water Assessment Fund**

The fund balance of the Water Assessments Fund decreased by \$179,036 during the current fiscal year. This decrease was due to scheduled debt service repayments in excess of current year collections on assessments levied in prior years.

**Small Cities Grant Program Fund**

The fund balance of the Small Cities Grant Fund increased by \$24,087 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 \$791,969. No supplemental appropriations were made during the fiscal year. The Town Council approved an increase of \$1,891,976 in budgeted property tax revenues in January 2018 to cover a budgeted revenue shortfall as a result of reductions in the amount received by the Town from the State of Connecticut's education cost sharing grant.

Revenues and other financing sources exceeded budgetary estimates by \$381,752 or 0.7%, primarily due to a favorable collections on current year and prior year delinquent property taxes levied. Expenditures were \$410,216 or 0.8% less than budgeted, primarily due to decreased public works expenditures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2018 totaled \$84,829,033 (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 \$891,728 or 1.0%. This decrease can be attributed to various capital additions as outlined in further detail below, offset by current year depreciation expense.

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

- Additions to construction in progress of approximately \$457 thousand related to ongoing construction of Town roads, bridges and sidewalks.
- Additions of approximately \$1.6 million in vehicles, machinery, and equipment related to the acquisition of a fire pumper engine, fire department breathing apparatuses, and two new vehicles.
- An increase of approximately \$917 thousand in infrastructure due to the completion of various road reconstruction projects.

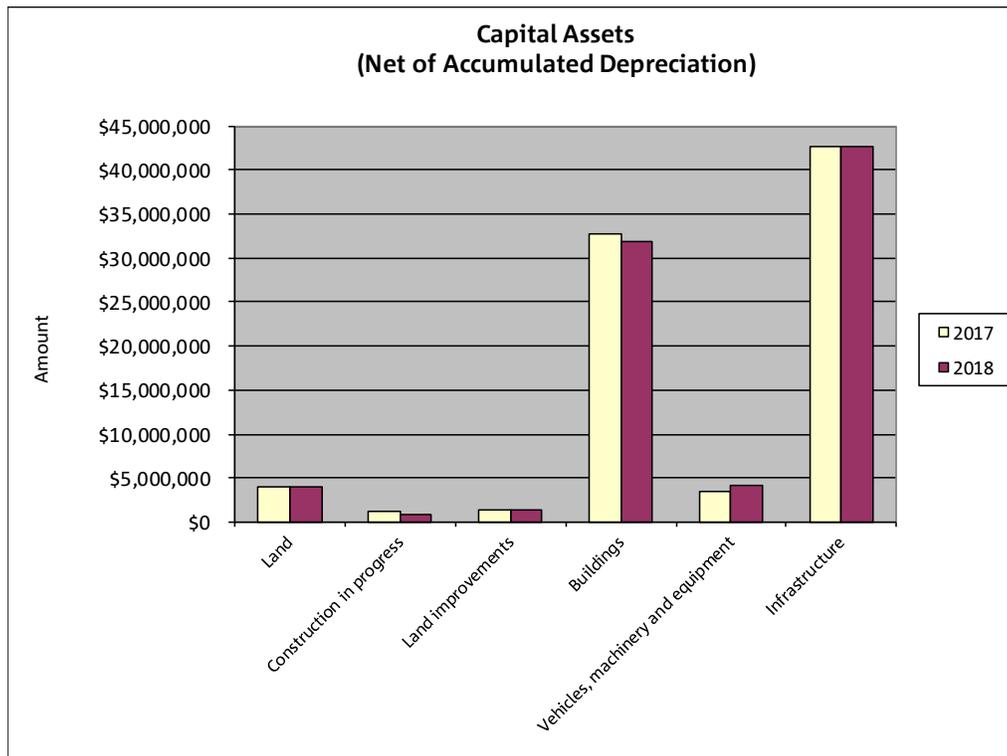
**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

**Capital Assets (Continued)**

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

	<u>2018</u>	<u>2017</u>
Land	\$ 3,955,774	\$ 3,955,774
Construction in progress	833,736	1,286,057
Land improvements	1,396,810	1,441,555
Buildings	31,803,239	32,767,405
Vehicles, machinery and equipment	4,168,442	3,518,268
Infrastructure	42,671,032	42,751,702
Totals	<u>\$ 84,829,033</u>	<u>\$ 85,720,761</u>



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

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

**Long-term Debt**

At the end of the current fiscal year, the Town had total long-term debt (consisting of bonds, notes and capital lease obligations) outstanding of \$34,196,071, all of which is backed by the full faith and credit of the Town. The Town's total principal long-term debt increased by \$7,687,344 or 29.0%. Significant activities relating to changes in long-term debt are as follows:

- The issuance of \$11,300,000 in general obligation bonds, the proceeds of which were used to retire previously outstanding bond anticipation notes.
- The issuance of \$2,630,000 in general obligation refunding bonds, the proceeds of which were used to advance refund bonds outstanding in the amount of \$2,820,000, originally issued to finance various general purpose and school construction projects authorized by the Town.
- Capital lease financing of \$216,086 utilized for the purchase of two vehicles to be used by the Wolcott Volunteer Ambulance Association and the Wolcott Fire Department, and the acquisition of new golf carts for use at the Town's public golf course.
- Scheduled principal repayments of \$3,638,742.

In addition to the long-term debt discussed above, the Town also issued \$7,000,000 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. The authorized use and purpose of the financing is for the reconstruction and repair of various town roads, roadside elements and parking lots, the purchase of fire department breathing apparatuses, and improvements to the senior center and education facilities.

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:

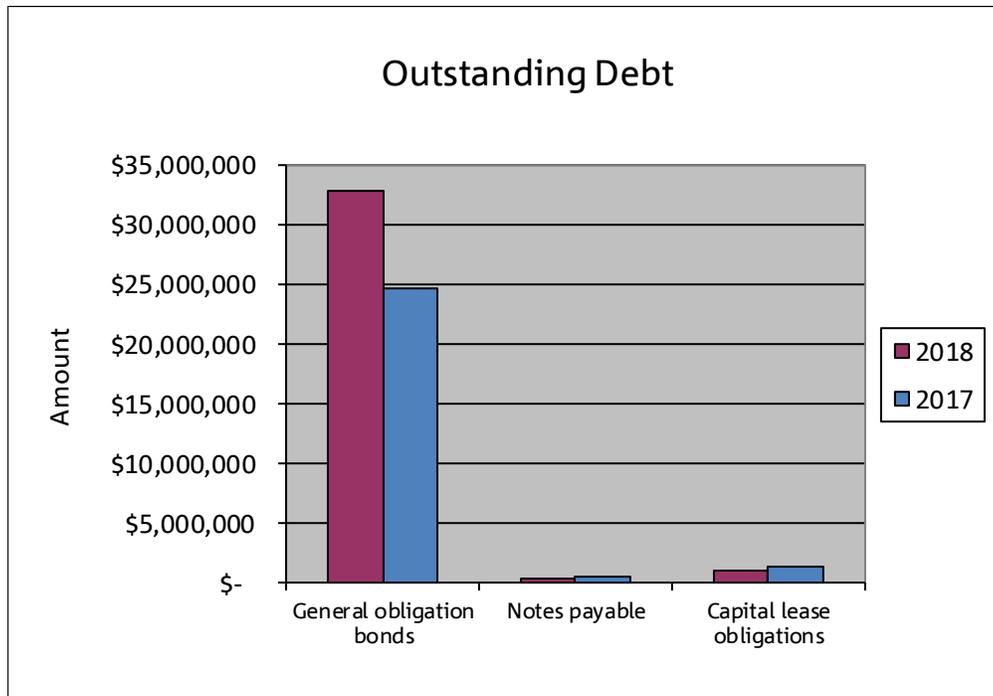
	<b>2018</b>	<b>2017</b>
General obligation bonds	\$ 32,795,000	\$ 24,670,000
Notes payable	335,476	498,252
Capital lease obligations	1,065,595	1,340,475
Totals	\$ 34,196,071	\$ 26,508,727

**TOWN OF WOLCOTT, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Long-term Debt *(Continued)***



Additional information on the Town's debt can be found in Notes 7 and 8 of this report.

**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 2018) was 3.3%, which compares favorably to the state's unemployment rate of 3.8%.
- 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 2019, 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.

**TOWN OF WOLCOTT, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES *(Continued)***

All of these factors were considered in preparing the Town's budget for fiscal year 2019. The Town's fiscal year 2019 General Fund budget was approved by the Town Council on June 5, 2018. The approved budget contemplated expenditures of \$55,322,498, which is an increase of \$562,381 or 1.03% over the original fiscal year 2018 budgeted expenditures. The Town has assigned \$300,000 of fund balance of the General Fund for spending in the 2019 fiscal year budget.

**REQUESTS FOR INFORMATION**

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

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**BASIC FINANCIAL STATEMENTS**

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**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 19,439,027
Investments	1,425,000
Receivables:	
Property taxes and interest, net	1,974,762
Grants and contracts	130,307
Assessments, net	200,000
Usage fees, net	1,344,982
Other	313,383
Noncurrent assets:	
Assessments receivable	904,900
Loans receivable	2,431,801
Capital assets:	
Non-depreciable	4,789,510
Depreciable, net	80,039,523
Total assets	112,993,195
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on sewer upgrades	335,476
Deferred charges on refundings	562,587
Deferred charges on pension expense	2,024,717
Total deferred outflows of resources	2,922,780
 <b>LIABILITIES</b>	
Accounts payable	2,881,454
Accrued liabilities:	
Salaries and benefits payable	298,740
Accrued interest	470,507
Claims payable	634,724
Bond anticipation notes payable	7,000,000
Unearned revenue	126,517
Noncurrent liabilities:	
Due within one year	3,962,374
Due in more than one year	73,628,227
Total liabilities	89,002,543
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred charges on pension expense	2,507,381
Deferred charges on OPEB expense	2,654,572
Total deferred inflows of resources	5,161,953
 <b>NET POSITION</b>	
Net investment in capital assets	47,521,401
Restricted for:	
Rehabilitation loan program	2,431,801
Other purposes	424,253
Unrestricted	(28,625,976)
Total net position	\$ 21,751,479

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for</b>	<b>Operating</b>	<b>Capital</b>	<b>Revenue and</b>
		<b>Services</b>	<b>Grants and</b>	<b>Grants and</b>	<b>Changes in</b>
			<b>Contributions</b>	<b>Contributions</b>	<b>Net Position</b>
<b>Primary Government:</b>					<b>Governmental</b>
<b>Governmental activities:</b>					<b>Activities</b>
General government	\$ 7,388,288	\$ 377,962	\$ 116,332	\$ -	\$ (6,893,994)
Public safety	6,932,395	327,595	2,114	-	(6,602,686)
Public works	4,300,432	1,805,319	536,500	64,610	(1,894,003)
Culture and recreation	1,427,511	658,315	40,837	-	(728,359)
Health and welfare	391,115	32,183	235,715	100,000	(23,217)
Education	47,167,054	2,763,567	19,236,344	2,009,690	(23,157,453)
Interest expense	1,395,335	-	-	-	(1,395,335)
Total governmental activities	<u>\$ 69,002,130</u>	<u>\$ 5,964,941</u>	<u>\$ 20,167,842</u>	<u>\$ 2,174,300</u>	<u>(40,695,047)</u>
General revenues:					
					41,100,125
					309,316
					286,550
					<u>41,695,991</u>
					1,000,944
					39,658,321
					(18,907,786)
					<u>20,750,535</u>
					<u>\$ 21,751,479</u>

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 7,800,358	\$ 6,553,838	\$ 1,116,503	\$ 68,438	\$ 2,559,684	\$ 18,098,821
Investments	980,000	-	-	-	445,000	1,425,000
Receivables:						
Property taxes and interest, net	1,974,762	-	-	-	-	1,974,762
Grants and contracts	28,384	-	-	16,946	84,977	130,307
Loans	-	-	-	2,431,801	-	2,431,801
Assessments, net	-	-	1,091,708	-	13,192	1,104,900
Usage fees, net	-	-	-	-	1,344,982	1,344,982
Other	168,728	-	-	-	65,108	233,836
Due from other funds	25,001	-	-	-	1,490,298	1,515,299
Inventories	-	-	-	-	18,616	18,616
Advances to other fund	417,691	-	-	-	-	417,691
Total assets	<u>\$ 11,394,924</u>	<u>\$ 6,553,838</u>	<u>\$ 2,208,211</u>	<u>\$ 2,517,185</u>	<u>\$ 6,021,857</u>	<u>\$ 28,696,015</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,532,130	\$ 902,499	\$ -	\$ 16,283	\$ 581,999	\$ 3,032,911
Accrued salaries and benefits payable	298,740	-	-	-	-	298,740
Bond anticipation notes payable	-	7,000,000	-	-	-	7,000,000
Due to other funds	1,787,010	2,196	-	-	23,755	1,812,961
Unearned revenue	31,763	-	-	-	94,754	126,517
Advances from other fund	-	-	-	-	417,691	417,691
Total liabilities	<u>3,649,643</u>	<u>7,904,695</u>	<u>-</u>	<u>16,283</u>	<u>1,118,199</u>	<u>12,688,820</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues	1,784,630	-	1,091,708	2,431,801	498,506	5,806,645
<b>FUND BALANCES</b>						
Nonspendable	417,691	-	-	-	18,616	436,307
Restricted	-	5,294,072	-	69,101	355,152	5,718,325
Committed	-	355,071	1,116,503	-	4,449,075	5,920,649
Assigned	514,749	-	-	-	-	514,749
Unassigned	5,028,211	(7,000,000)	-	-	(417,691)	(2,389,480)
Total fund balances	<u>5,960,651</u>	<u>(1,350,857)</u>	<u>1,116,503</u>	<u>69,101</u>	<u>4,405,152</u>	<u>10,200,550</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,394,924</u>	<u>\$ 6,553,838</u>	<u>\$ 2,208,211</u>	<u>\$ 2,517,185</u>	<u>\$ 6,021,857</u>	<u>\$ 28,696,015</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, 2018

Total fund balance for governmental funds		\$	10,200,550
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	\$	4,789,510	
Depreciable, net		80,039,523	
Total capital assets, net			84,829,033
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.			
			5,806,645
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		335,476	
Deferred charge on refundings		562,587	
Deferred charges on OPEB expense		(2,654,572)	
Deferred charges pension expense		(482,664)	
Total deferred outflows (inflows) of resources, net			(2,239,173)
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		(470,507)	
Long-term debt:			
Bonds payable, net		(35,098,696)	
Other long-term liabilities:			
Notes payable		(335,476)	
Capital lease obligations		(1,065,595)	
Heart and Hypertension obligations		(979,152)	
Compensated absences		(2,644,475)	
Early retirement incentive		(2,850)	
Net pension liabilities		(11,513,775)	
Total OPEB liability		(25,950,582)	
Total long-term liabilities			(78,061,108)
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.			
			1,215,532
Net position of governmental activities		\$	21,751,479

*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, 2018**

	<b>General Fund</b>	<b>Capital Improvement Fund</b>	<b>Water Assessments Fund</b>	<b>Small Cities Grant Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>						
Property taxes	\$ 40,836,545	\$ -	\$ -	\$ -	\$ -	\$ 40,836,545
Intergovernmental	17,841,373	-	-	147,176	3,678,012	21,666,561
Charges for services	517,347	-	211,199	24,045	3,337,040	4,089,631
Interest income	94,009	40,240	-	41	6,419	140,709
Other	113,767	-	-	-	208,042	321,809
Total revenues	<u>59,403,041</u>	<u>40,240</u>	<u>211,199</u>	<u>171,262</u>	<u>7,229,513</u>	<u>67,055,255</u>
<b>EXPENDITURES</b>						
Current:						
General government	7,191,668	-	-	-	13,644	7,205,312
Public safety	5,759,788	-	-	-	165,205	5,924,993
Public works	1,650,749	-	-	-	1,261,265	2,912,014
Culture and recreation	548,252	-	-	-	643,436	1,191,688
Health and welfare	214,395	-	-	147,175	17,502	379,072
Education	38,975,515	-	-	-	2,955,874	41,931,389
Capital outlays	270,566	1,863,529	-	-	195,498	2,329,593
Debt service:						
Principal payments	3,386,722	-	-	-	209,068	3,595,790
Interest and fiscal charges	959,555	233,549	-	-	12,877	1,205,981
Debt issuance costs	72,320	91,326	-	-	-	163,646
Total expenditures	<u>59,029,530</u>	<u>2,188,404</u>	<u>-</u>	<u>147,175</u>	<u>5,474,369</u>	<u>66,839,478</u>
Excess (deficiency) of revenues over expenditures	373,511	(2,148,164)	211,199	24,087	1,755,144	215,777
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital lease financing	119,739	-	-	-	96,347	216,086
Proceeds from bonds	2,630,000	11,300,000	-	-	-	13,930,000
Premiums on bonds and notes	388,284	409,810	-	-	-	798,094
Payments to escrow agent	(2,945,964)	-	-	-	-	(2,945,964)
Repayment of bond anticipation notes	-	(11,300,000)	-	-	-	(11,300,000)
Transfers in	672,974	410,000	-	-	69,475	1,152,449
Transfers out	(479,475)	(220,000)	(390,235)	-	(62,739)	(1,152,449)
Total other financing sources (uses)	<u>385,558</u>	<u>599,810</u>	<u>(390,235)</u>	<u>-</u>	<u>103,083</u>	<u>698,216</u>
Net change in fund balances	759,069	(1,548,354)	(179,036)	24,087	1,858,227	913,993
Fund balances - beginning	5,201,582	197,497	1,295,539	45,014	2,546,925	9,286,557
Fund balances - ending	<u>\$ 5,960,651</u>	<u>\$ (1,350,857)</u>	<u>\$ 1,116,503</u>	<u>\$ 69,101</u>	<u>\$ 4,405,152</u>	<u>\$ 10,200,550</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, 2018**

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Net change in fund balances - total governmental funds	\$	913,993
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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.		(891,728)
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Deferred outflows and inflows of resources resulting from changes in the components of the net pension liabilities and total OPEB liability are amortized as a component of pension and OPEB expenses in the statement of activities.		(2,997,209)
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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	(216,086)	
General obligation refunding bonds issued	(2,630,000)	
Premium on bonds issued	(749,478)	
Deferred charge on bond refunding	125,964	
Principal repayments:		
Bonds and notes payable	3,147,776	
Payment to refunded bonds escrow agent	2,820,000	
Capital lease financing	490,966	
Net adjustment		2,989,142

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.		(1,746,289)
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*(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, 2018

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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	\$	(204,906)	
Amortization of deferred charges on sewer upgrades		(162,776)	
Amortization of deferred charges on refunding		(80,824)	
Amortization of bond premiums		168,454	
Heart and Hypertension obligations		48,284	
Compensated absences		(51,025)	
Early retirement incentive		1,425	
Net pension liabilities		867,647	
Total OPEB liability		<u>2,224,176</u>	
	\$		2,810,455
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>(77,420)</u>
Change in net position of governmental activities	\$		<u><u>1,000,944</u></u>
			<i>(Concluded)</i>

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

**TOWN OF WOLCOTT, CONNECTICUT**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2018

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,340,206
Receivables	260,931
Due from other funds	297,662
Total assets	<u>1,898,799</u>
<b>LIABILITIES</b>	
Accounts payable	48,543
Claims payable	634,724
Total liabilities	<u>683,267</u>
<b>NET POSITION</b>	
Unrestricted:	
Designated for Town benefits	872,392
Designated for Board of Education benefits	343,140
Total net position	<u>\$ 1,215,532</u>

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Employer contributions	\$ 6,793,001
Employee contributions	1,892,514
Total operating revenues	8,685,515
<b>OPERATING EXPENSES</b>	
Premiums and claims incurred	8,422,036
Administration	340,900
Total operating expenses	8,762,936
Operating loss and change in net position	(77,421)
Net position - beginning	1,292,953
Net position - ending	\$ 1,215,532

*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, 2018**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from the following:	
Employer	\$ 6,593,001
Employees	1,931,953
Cash paid for the following:	
Premiums and claims incurred	(8,318,888)
Administration	(313,993)
Net cash used in operating activities	(107,927)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Interfund activity	(297,662)
Net decrease in cash and cash equivalents	(405,589)
Cash and cash equivalents, beginning of year	1,745,795
Cash and cash equivalents, end of year	\$ 1,340,206
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Operating loss	\$ (77,421)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(160,561)
Increase in accounts payable	26,907
Increase in claims payable	103,148
Net cash used in operating activities	\$ (107,927)

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund - Scholarship Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,754,562	\$ 5,964	\$ 427,375
Investments	33,341,814	223,515	-
Contributions receivable	195,627	-	-
Total assets	<u>37,292,003</u>	<u>229,479</u>	<u>\$ 427,375</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	170,399
Due to others	-	-	256,976
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 427,375</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 37,292,003</u>	<u>\$ 229,479</u>	

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund - Scholarship Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 2,123,960	\$ -
Plan members	103,928	-
Private donations	-	1,250
Other	-	-
Total contributions	<u>2,227,888</u>	<u>1,250</u>
Investment earnings:		
Net change in the fair value of investments	2,501,066	-
Interest and dividends	586,417	2,140
Total investment earnings	<u>3,087,483</u>	<u>2,140</u>
Less investment fee expense	171,032	-
Total investment earnings, net	<u>2,916,451</u>	<u>2,140</u>
Total additions	<u>5,144,339</u>	<u>3,390</u>
<b>DEDUCTIONS</b>		
Benefit payments	2,234,325	4,450
Administrative expenses	49,524	-
Total deductions	<u>2,283,849</u>	<u>4,450</u>
Change in net position	2,860,490	(1,060)
Net position - beginning	<u>34,431,513</u>	<u>230,539</u>
Net position - ending	<u>\$ 37,292,003</u>	<u>\$ 229,479</u>

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Financial Reporting Entity**

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

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

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

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

The Town reports the following major governmental funds:

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

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

**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)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

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

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

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

**Implementation of Accounting Standards**

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. 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)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Implementation of Accounting Standards *(Continued)***

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 68 established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures for post-employment benefits other than pensions. This standard identified the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this statement provided for certain required supplementary information and note disclosures about post-employment benefits other than pensions.

The Town has reported the following cumulative effect of applying GASB Statement No. 75 as an adjustment of beginning net position as of July 1, 2017. The adjustment does not include deferred outflows of resources or deferred inflows of resources related to OPEB.

	<b>Governmental Activities</b>
Net position - beginning, as originally reported	\$ 39,658,321
Adjustment to remove net other post-employment benefit obligation recognized under GASB Statement No. 45	9,266,972
Adjustment to record net other post-employment liability recognized under GASB Statement No. 75	(28,174,758)
	(18,907,786)
Net position - beginning, as adjusted	\$ 20,750,535

**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 cost.

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

**Investments *(Continued)***

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.

**Donor-restricted Endowments**

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

During the year ended June 30, 2018, the Town received a bequest in the amount of \$100,000 to be used for the purchase of a new senior bus. As of June 30, 2018, this amount has been reported as being restricted for other purposes in the government-wide statement of net position and the governmental funds balance sheet.

**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 \$103,282 and \$30,819, respectively, as of June 30, 2018.

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 \$65,900 and \$8,500, respectively, as of June 30, 2018. In addition, the Town has established an allowance for uncollectible water and sewer usage charges of \$3,000 and \$15,000, respectively, as of June 30, 2018.

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - 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, 2018, loans receivable totaled \$2,431,801 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 refundings, deferred charges on pension and OPEB expenses and deferred charges on sewer upgrades reported in the government-wide statement of net position. Deferred charges on refundings resulted from differences in the carrying value of previously refunded debt and the reacquisition price of the debt and are being amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred charges on 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 charges on pension and OPEB expenses resulted from changes in the components of the Town's net pension liabilities and total OPEB liability and are being amortized as a component of pension and OPEB expense on a systematic and rational basis.

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - 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 revenues that are reported as being unavailable in the governmental funds balance sheet and deferred charges on pension and OPEB expenses reported in the government-wide statement of net position. Unavailable revenues are recognized as an inflow of resources in the period that the amounts become available. Deferred charges on pension and OPEB expenses are amortized as a component of pension and OPEB expense on a systematic and rational basis.

**Unearned Revenue**

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

**Compensated Absences and Employee Retirement Obligations**

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

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

**Long-term Obligations**

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

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

**Net Position and Fund Balances**

The 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.

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

**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.

***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, 2018, unassigned fund balance in the General Fund represented 9.1% of the Town's approved budgeted operating revenues for the fiscal year 2018-2019 General Fund budget.

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

**Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

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

**Interfund Services Provided and Used**

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

**Interfund Transfers**

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

**Interfund Reimbursements**

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

**Use of Estimates**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

A reconciliation of the Town's cash deposits, as of June 30, 2018 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 19,439,027
Statement of fiduciary net position:	
Cash and cash equivalents	4,187,901
	23,626,928
Add: certificates of deposit considered cash deposits for disclosure purposes	223,515
Less: cash equivalents considered investments for disclosure purposes	(15,175,707)
	\$ 8,674,736

**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, 2018, \$8,678,144 of the Town's bank balance of \$9,873,860 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,810,330
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	867,814
	\$ 8,678,144

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

**Investments**

A reconciliation of the Town's investments as of June 30, 2018 is as follows:

Government-wide statement of net position:		
Investments	\$	1,425,000
Statement of fiduciary net position:		
Investments		33,565,329
		34,990,329
Add: cash equivalents considered investments for disclosure purposes		15,175,707
Less: certificates of deposit considered cash deposits for disclosure purposes		(223,515)
		\$ 49,942,521

As of June 30, 2018, the Town's investments consisted of the following:

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years)	
				Less Than 1	1 to 5
<b>Debt Securities:</b>					
<i>Governmental activities:</i>					
Short-term Investment Fund	Net asset value	AAA	\$ 11,677,947	\$ 11,677,947	\$ -
Negotiable certificates of deposit	Amortized cost	Unrated	1,425,000	1,425,000	-
<i>Fiduciary:</i>					
Money market mutual funds	Net asset value	Unrated	3,497,760	3,497,760	-
Corporate bonds	Fair value	A	498,641	498,641	-
Corporate bonds	Fair value	AA	747,648	498,110	249,538
Corporate bonds	Fair value	BBB	749,650	749,650	-
			18,596,646	\$ 18,347,108	\$ 249,538
<b>Other investments:</b>					
<i>Fiduciary:</i>					
Group annuity contracts	Contract value		15,240,840		
Exchange traded funds	Fair value		836,722		
Mutual funds	Fair value		15,268,313		
			\$ 49,942,521		

Because investments in the Short-term Investment Fund and money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

**Interest Rate Risk**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Investments *(Continued)***

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy defines certain requirements that financial dealers and institutions must adhere to in order to become qualified bidders to provide services to the Town. The Town's investments in external investment pools, mutual funds and group annuity contracts are not evidenced by securities and are therefore not exposed to custodial credit risk. The Town's investments in negotiable certificates of deposit are held in book entry form in the name of the Town and are therefore also not exposed to custodial credit risk.

**Credit Risk**

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

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

**Concentrations of Credit Risk**

The Town's investment policy generally restricts investments in any one issuer that is in excess of 10%. In addition, the Town's policy defines other limitations in an effort to avoid incurring unreasonable inherent risk of over-concentration in specific instruments, individual issuers or maturities. As of June 30, 2018, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (89.1%). As of June 30, 2018, 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	\$ 10,919,197	32%
John Hancock Life Insurance Company	GAC - Immediate Participation Guarantee	4,321,643	13%
State Street Global Advisors	SPDR S&P 500 ETF Trust	4,959,541	15%

**NOTE 3 - FAIR VALUE MEASUREMENTS**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)**

The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2018, by level within the fair value hierarchy are presented in the table below.

<b>Financial Assets Measured at Fair Value</b>	<b>Prices in Active Market (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Mutual funds	\$ 15,268,313	\$ -	\$ -
Exchange traded funds	836,722	-	-
Corporate bonds	-	1,995,939	-
	<u>\$ 16,105,035</u>	<u>\$ 1,995,939</u>	<u>\$ -</u>

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 consisted of the following:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 3,955,774	\$ -	\$ -	\$ -	\$ 3,955,774
Construction in progress	1,286,057	457,174	-	(909,495)	833,736
Total capital assets, not being depreciated	<u>5,241,831</u>	<u>457,174</u>	<u>-</u>	<u>(909,495)</u>	<u>4,789,510</u>
Capital assets, being depreciated:					
Land improvements	4,641,104	40	-	97,014	4,738,158
Buildings	60,088,010	68,650	(6,401)	-	60,150,259
Vehicles, machinery and equipment	15,050,858	1,046,131	(299,331)	591,200	16,388,858
Infrastructure	71,285,893	695,831	-	221,281	72,203,005
Total capital assets, being depreciated	<u>151,065,865</u>	<u>1,810,652</u>	<u>(305,732)</u>	<u>909,495</u>	<u>153,480,280</u>
Less accumulated depreciation and amortization for:					
Land improvements	3,199,549	141,799	-	-	3,341,348
Buildings	27,320,605	1,035,190	(8,775)	-	28,347,020
Vehicles, machinery and equipment	11,532,590	987,157	(299,331)	-	12,220,416
Infrastructure	28,534,191	997,782	-	-	29,531,973
Total accumulated depreciation and amortization	<u>70,586,935</u>	<u>3,161,928</u>	<u>(308,106)</u>	<u>-</u>	<u>73,440,757</u>
Total capital assets, being depreciated, net	<u>80,478,930</u>	<u>(1,351,276)</u>	<u>2,374</u>	<u>909,495</u>	<u>80,039,523</u>
Governmental activities capital assets, net	<u>\$ 85,720,761</u>	<u>\$ (894,102)</u>	<u>\$ 2,374</u>	<u>\$ -</u>	<u>\$ 84,829,033</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 4 - CAPITAL ASSETS *(Continued)***

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

Governmental Activities:		
General government		\$ 130,795
Public safety		710,833
Public works		1,218,730
Culture and recreation		164,106
Education		<u>937,464</u>
Total depreciation and amortization expense - governmental activities		<u><u>\$ 3,161,928</u></u>

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds:</b>		
General Fund	Nonmajor governmental funds	\$ 22,805
	Capital Improvement Fund	<u>2,196</u>
		<u>25,001</u>
Nonmajor governmental funds	Nonmajor governmental funds	950
	General Fund	<u>1,489,348</u>
		<u>1,490,298</u>
<b>Proprietary Fund:</b>		
Internal Service Funds	General Fund	<u>297,662</u>
Total		<u><u>\$ 1,812,961</u></u>

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

The General Fund has advanced funds to the Farmingbury Hills Country Club Fund to temporarily subsidize operating deficits and to fund debt service payments. It is anticipated that the \$417,691 in amounts due to the General Fund from the Farmingbury Hills Country Club Fund will not be repaid within one year and, therefore, the balance due has been presented as an advance to/from other funds in the accompanying governmental funds balance sheet.

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 6 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2018 consisted of the following:

Transfers In	Transfers Out	Amount
<b>Governmental Funds</b>		
General Fund	Capital Improvement Fund	\$ 220,000
	Water Assessment Fund	390,235
	Nonmajor governmental funds	62,739
		672,974
Capital Improvement Fund	General Fund	410,000
Nonmajor governmental funds	General Fund	69,475
Total		\$ 1,152,449

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

**NOTE 7 - SHORT-TERM LIABILITIES**

The following is a summary of changes in short-term debt for the year ended June 30, 2018:

	Maturity Date	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>						
Bond anticipation notes	10/2017	2.00%	\$ 11,710,000	\$ -	\$ (11,710,000)	\$ -
Bond anticipation notes	11/2018	2.50%	-	7,000,000	-	7,000,000
			\$ 11,710,000	\$ 7,000,000	\$ (11,710,000)	\$ 7,000,000

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

In October 2017, the Town issued \$11,300,000 of general obligation bonds, which were used to retire a portion of the \$11,710,000 in previously outstanding bond anticipation notes (see Note 8). The remaining portion of the bond anticipation notes outstanding in the amount of \$410,000 was retired by the Town.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 8 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

<b>Governmental Activities</b>	<b>Beginning Balance (As Restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds payable:					
General obligation bonds	\$ 24,670,000	\$ 13,930,000	\$ (5,805,000)	\$ 32,795,000	\$ 2,900,000
Unamortized premiums	1,722,671	749,478	(168,453)	2,303,696	-
Total bonds payable	26,392,671	14,679,478	(5,973,453)	35,098,696	2,900,000
Other liabilities:					
Notes payable	498,252	-	(162,776)	335,476	166,062
Capital lease obligations	1,340,475	216,086	(490,966)	1,065,595	345,708
Heart and Hypertension obligations	1,027,436	-	(48,284)	979,152	54,052
Compensated absences	2,593,450	276,546	(225,521)	2,644,475	495,127
Early retirement incentive	4,275	-	(1,425)	2,850	1,425
Net pension liabilities	12,381,422	-	(867,647)	11,513,775	-
Total OPEB liability	28,174,758	-	(2,224,176)	25,950,582	-
	<u>\$ 72,412,739</u>	<u>\$ 15,172,110</u>	<u>\$ (9,994,248)</u>	<u>\$ 77,590,601</u>	<u>\$ 3,962,374</u>

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

**General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2018 is as follows:

<b>Purpose of Bonds</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount Outstanding</b>
<b>Governmental Activities</b>					
Bonds Payable					
General Obligation Bonds	03/2002	\$ 800,000	6.25% - 6.5%	03/2022	\$ 100,000
General Obligation Refunding Bonds	11/2004	8,476,680	3.0% - 4.0%	08/2019	970,000
General Obligation Refunding Bonds	08/2010	12,785,000	2.0% - 5.0%	08/2021	4,340,000
General Obligation Bonds	10/2014	6,960,000	2.0% - 4.0%	10/2033	6,060,000
General Obligation Refunding Bonds	01/2015	4,030,000	2.0% - 4.0%	08/2025	3,010,000
General Obligation Bonds	10/2016	4,590,000	2.0% - 5.0%	10/2033	4,385,000
General Obligation Bonds	10/2017	11,300,000	2.0% - 4.0%	10/2042	11,300,000
General Obligation Refunding Bonds	11/2017	2,630,000	4.0% - 5.0%	06/2030	2,630,000
					<u>\$ 32,795,000</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**General Obligation Bonds *(Continued)***

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2018:

Year ending June 30:	Governmental Activities		
	Bonds Payable		
	Principal	Interest	Total
2019	\$ 2,900,000	\$ 1,315,265	\$ 4,215,265
2020	3,430,000	1,003,420	4,433,420
2021	3,000,000	868,743	3,868,743
2022	2,360,000	759,293	3,119,293
2023	1,720,000	673,944	2,393,944
2024-2028	7,825,000	2,353,790	10,178,790
2029-2033	6,175,000	1,250,131	7,425,131
2034-2038	3,035,000	547,838	3,582,838
2039-2043	2,350,000	182,418	2,532,418
	<u>\$ 32,795,000</u>	<u>\$ 8,954,842</u>	<u>\$ 41,749,842</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, 2018.

**Refundings**

On November 28, 2017, the Town issued \$2,630,000 in general obligation refunding bonds with an average interest rate of 4.52% to refund \$2,820,000 of outstanding 2010 general obligation bonds, with an average interest rate of 3.87%. The transaction generated a cash flow savings of \$132,560 and an economic gain (difference between the present values of the debt service payments of the old and the new bonds) of \$136,208.

The Town has also advanced refunded general obligation bonds in prior years. The difference between the reacquisition prices (the amounts placed in escrow) and the net carrying amounts of the refunded bonds have resulted in deferred charges on refundings in the amount of \$1,359,259, including a deferred charge on refunding recognized in the current year of \$125,964. These amounts, net of accumulated amortization of \$796,672 have been presented as deferred outflows of resources in the government-wide financial statements and are being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$80,824 for the year ended June 30, 2018.

The net proceeds from the issuance of the general obligation bonds were deposited with an escrow agent in an irrevocable escrow fund. The proceeds were used to buy a portfolio of non-callable direct obligations of, or obligations guaranteed by the United States of America, to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for the bonds has been removed from the government-wide statement of net position.

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**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, 2018 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>					
Notes Payable					
Clean Water Loan - 201C3	06/2004	2,763,392	2.0%	06/2020	<u>\$ 335,476</u>

Annual debt service requirements to maturity on these obligations are as follows as of June 30, 2018:

<u>Year ending</u> <u>June 30:</u>	<u>Governmental Activities</u>		
	<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 166,062	\$ 5,193	\$ 171,255
2020	169,414	1,840	171,254
	<u>\$ 335,476</u>	<u>\$ 7,033</u>	<u>\$ 342,509</u>

**Capital Leases**

A summary of assets acquired through capital leases is as follows as of June 30, 2018:

	<u>Governmental Activities</u>
Machinery and equipment	\$ 1,689,310
Less: accumulated amortization	228,055
	<u>\$ 1,461,255</u>

Amortization expense relative to leased property under capital leases totaled \$131,085 for the year ended June 30, 2018 and is included in depreciation and amortization expense disclosed in Note 4.

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Capital Leases *(Continued)***

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 are as follows:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>
2019	\$ 370,607
2020	270,297
2021	254,123
2022	134,179
2023	100,631
Total minimum lease payments	1,129,837
Less: amount representing interest	(64,242)
Present value of minimum lease payments	\$ 1,065,595

**Heart and Hypertension Obligations**

The Town's future obligations for heart and hypertension claims as of June 30, 2018 is estimated to be \$979,152. 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 one 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)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 9 - FUND BALANCE**

The various components of fund balance at June 30, 2018 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	\$ -	\$ -	\$ -	\$ -	\$ 18,616	\$ 18,616
Advances to other fund	417,691	-	-	-	-	417,691
Restricted for:						
Grant programs	-	-	-	-	206,619	206,619
Loan programs	-	-	-	69,101	-	69,101
Donor restrictions	-	-	-	-	107,993	107,993
Open space	-	-	-	-	40,540	40,540
Capital purposes	-	5,294,072	-	-	-	5,294,072
Committed to:						
General government	-	-	-	-	206,119	206,119
Public safety	-	-	-	-	108,265	108,265
Public works	-	-	-	-	24,073	24,073
Culture and recreation	-	-	-	-	157,349	157,349
Health and welfare	-	-	-	-	10,771	10,771
Education	-	-	-	-	499,799	499,799
Capital purposes	-	355,071	-	-	821	355,892
Water and sewer operations	-	-	-	-	1,952,530	1,952,530
Debt repayment	-	-	1,116,503	-	1,489,348	2,605,851
Assigned to:						
Education - encumbrances	214,749	-	-	-	-	214,749
Subsequent year's budget	300,000	-	-	-	-	300,000
Unassigned	5,028,211	(7,000,000)	-	-	(417,691)	(2,389,480)
	<u>\$ 5,960,651</u>	<u>\$ (1,350,857)</u>	<u>\$ 1,116,503</u>	<u>\$ 69,101</u>	<u>\$ 4,405,152</u>	<u>\$ 10,200,550</u>

**Deficit Fund Balances**

The following funds have deficit fund balances as of June 30, 2018, which do not constitute a violation of statutory provisions:

<u>Fund</u>	<u>Amount</u>
Capital Improvement Fund	\$ (1,350,857)
Farmingbury Hills Country Club Fund	(417,691)

The deficit in the Capital Improvement Fund is expected to be funded through the issuance of long-term debt. The deficit in the Farmingbury Hills Country Club Fund is expected to be funded through future revenue sources and/or transfers in from the General Fund.

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**Defined Benefit Plans**

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

**Town General Pension Plan**

**Plan Description**

*Plan administration* - The Town administers a single-employer, contributory defined benefit pension plan (the "Town Plan"). The Town Plan provides retirement 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.

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Town General Pension Plan *(Continued)***

**Plan Description *(Continued)***

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

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

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

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Town General Pension Plan *(Continued)***

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

*Concentrations* - As of June 30, 2018, more than 10% of the Town Plan's investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of the Town Plan's Investments</u>
State Street Global Advisors Trust Company	SPDR S&P 500 ETF Trust	\$ 4,959,541	27%

*Rate of return* - For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The components of the net pension liability of the Town Plan at June 30, 2018, were as follows:

Total pension liability	\$ 32,289,163
Plan fiduciary net position	<u>21,959,664</u>
Town's net pension liability - Town Plan	<u><u>\$ 10,329,499</u></u>
Plan fiduciary net position as a percentage of the total pension liability	68.01%

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2018, were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance as of June 30, 2017	\$ 30,868,074	\$ 20,255,877	\$ 10,612,197
<b>Changes for the year:</b>			
Service cost	634,477	-	634,477
Interest	2,225,628	-	2,225,628
Change of benefit terms	-	-	-
Changes of assumptions	-	-	-
Experience (gains) losses	-	-	-
Contributions - employer	-	1,399,948	(1,399,948)
Contributions - employee	-	103,928	(103,928)
Net investment income	-	1,668,453	(1,668,453)
Benefit payments, including refunds	(1,439,016)	(1,439,016)	-
Administrative expense	-	(29,526)	29,526
<b>Net changes</b>	<u>1,421,089</u>	<u>1,703,787</u>	<u>(282,698)</u>
Balance as of June 30, 2018	<u><u>\$ 32,289,163</u></u>	<u><u>\$ 21,959,664</u></u>	<u><u>\$ 10,329,499</u></u>

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Town General Pension Plan *(Continued)***

**Net Pension Liability *(Continued)***

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

Inflation	2.00%
Salary increases	Varies from 0.00% to 9.34%
Investment rate of return, including inflation	7.25%
Discount rate	7.25%

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities - domestic	75%	6.40%
Core fixed income	16%	1.75%
High-yield fixed income	5%	4.30%
Cash	4%	1.10%
	<u>100%</u>	

*Discount rate* - The discount rate used to measure the total pension liability of the Town Plan was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Town Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Town General Pension Plan *(Continued)***

**Net Pension Liability *(Continued)***

*Sensitivity of the net pension liability to changes in the discount rate* - The following presents the net pension liability of the Town Plan, calculated using the discount rate of 7.25% as well as what the Town Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount (7.25%)</b>	<b>1% Increase (8.25%)</b>
Town Plan's net pension liability as of June 30, 2018	\$ 14,439,612	\$ 10,329,499	\$ 7,051,572

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

For the year ended June 30, 2018, the Town recognized pension expense related to the Town Plan of \$1,082,768. At June 30, 2018, the Town reported deferred outflows and inflows of resources related to the Town Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 653,060	\$ (685,419)
Changes of assumptions and demographics	800,887	(840,176)
Total	\$ 1,453,947	\$ (1,525,595)

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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Year ended June 30,		
2018	\$ 683,742	\$ (718,143)
2019	674,947	(482,531)
2020	95,258	(288,113)
2021	-	(36,808)
	\$ 1,453,947	\$ (1,525,595)

**Payable to the Town Plan**

The Town has reported a liability of \$104,128 payable to the Town Plan as of June 30, 2018 for the outstanding amount of contributions to the Town Plan required for the year ended June 30, 2018.

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Board of Education Pension Plan**

**Plan Description**

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

*Plan membership* - Eligible regular full-time employees of the Board of Education are members of the Board Education Plan. Eligible employees become members after completion of one year of service. At September 1, 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	87
	<u>196</u>

*Benefits provided* - The Board of Education Plan provides retirement, disability, and death benefits. The normal retirement age for the custodial group is either 62 with 30 years of service, or age 65 with 5 years of service. The normal retirement age for the non-custodial group (secretaries, nurses 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)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 10 - 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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.74%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The components of the net pension liability of the Board of Education Plan at June 30, 2018, were as follows:

Total pension liability	\$ 16,425,116
Plan fiduciary net position	15,240,760
Town's net pension liability	<u>\$ 1,184,356</u>
Plan fiduciary net position as a percentage of the total pension liability	92.8%

The components of the change in the net pension liability of the Board of Education Plan for the year ended June 30, 2018, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2017	\$ 15,850,282	\$ 14,081,057	\$ 1,769,225
<b>Changes for the year:</b>			
Service cost	269,588	-	269,588
Interest	1,100,555	-	1,100,555
Contributions - employer	-	727,012	(727,012)
Net investment income	-	1,228,000	(1,228,000)
Benefit payments, including refunds	(795,309)	(795,309)	-
<b>Net changes</b>	<u>574,834</u>	<u>1,159,703</u>	<u>(584,869)</u>
Balance as of June 30, 2018	<u>\$ 16,425,116</u>	<u>\$ 15,240,760</u>	<u>\$ 1,184,356</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Net Pension Liability *(Continued)***

*Actuarial assumptions* - The total pension liability for the Board of Education Plan was determined by an actuarial valuation as of September 1, 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, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Equities	60%	6.40%
Fixed Income	40%	1.75%
	100%	

*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)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Net Pension Liability**

*Sensitivity of the net pension liability to changes in the discount rate* - The following presents the net pension liability of the Board of Education Plan, calculated using the discount rate of 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:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount (7.00%)</b>	<b>1% Increase (8.00%)</b>
BOE Plan's net pension liability as of June 30, 2018	\$ 2,900,799	\$ 1,184,276	\$ (267,197)

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

For the year ended June 30, 2018, the Town recognized pension expense related to the Board of Education Plan of \$544,071. At June 30, 2018, the Town reported deferred inflows of resources related to the Board of Education Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 292,567	\$ (893,739)
Changes of assumptions and demographics	278,203	(88,047)
Total	\$ 570,770	\$ (981,786)

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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Year ended June 30,		
2019	\$ 428,195	\$ (369,646)
2020	142,575	(281,599)
2021	-	(281,599)
2022	-	(48,942)
	\$ 570,770	\$ (981,786)

**Payable to the Board of Education Plan**

The Town has reported a liability of \$91,499 payable to the Board of Education Plan as of June 30, 2018 for the outstanding amount of contributions to the plan required for the year ended June 30, 2018.

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - 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, 2018 were \$64,955 and \$29,584, respectively. Employees are 100% vested in mandatory participant contributions. Participants vest in accordance with the following schedule in regards to Town contributions:

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

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

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

**Tax Sheltered Annuity Defined Contribution Pension Plan**

The Town’s Board of Education established a tax-sheltered annuity plan, also known as a 403(b) Plan. The Wolcott Public Schools 403(b) Plan is a type of defined contribution plan that allows for eligible employees to contribute a portion of their salary to the plan. Participant contributions are solely allowed through salary reduction and are deferred on a pre-tax basis. Employer discretionary contributions are permitted under the plan. This amount is determined uniformly with respect to each employee classification within the applicable collective bargaining agreement, if applicable. Employer contributions for the year ended June 30, 2018 were \$23,744.

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

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut State Teachers' Retirement System**

**Plan Description**

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports.

**Benefit Provisions**

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

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

*Early Retirement:* Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

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

*Disability Retirement:* Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Contributions**

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

In accordance with CGS Section 10-183z, 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 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Effective January, 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.

**Administrative Expenses**

Administrative costs of the plan are funded by the State.

**Basis of Presentation**

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2018.

**Allocation Methodology**

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2017 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$4,104,873 or 0.405% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective pension expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective pension expense allocated to the Town totaled \$6,334,055. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net pension liability of participating employers for the TRS was approximately \$13.502 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$54,759,330 or approximately 0.405% of the total collective net pension liability.

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Actuarial Assumptions**

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

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension 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.

**Long-Term Rate of Return**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Long-Term Rate of Return *(Continued)***

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation 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%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Fixed Income (Core)	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bonds	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.0%
Cash	6.0%	0.4%
	<u>100%</u>	

**Proportionate Share of the Collective Net Pension Liability**

The following presents the proportionate share of the collective net pension liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town 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	\$ 68,542,533	\$ 54,759,330	\$ 43,106,495

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS PLAN**

**Town and Board of Education Plan**

**Plan Description**

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

**Benefits Provided**

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

Town

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

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)

**Employees Covered by Benefit Terms**

As of July 1, 2016, the valuation date, the following employees were covered by the benefit terms:

Retirees, beneficiaries, and dependents currently receiving benefits	194
Active participants	363
	<u>557</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Town and Board of Education Plan *(Continued)***

**Total OPEB Liability**

The Town's OPEB liability reported as of June 30, 2018 totaled \$25,950,582. The total OPEB liability was measured as of July 1, 2017 and was determined by an actuarial valuation as of July 1, 2016.

*Actuarial Assumptions and Other Inputs* - The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.50%
Discount rate	3.58% as of July 1, 2017
	2.85% as of July 1, 2016
Healthcare cost trend rates:	
Pre-65 medical	6.50% decreasing by 0.50% per year, 5.00% ultimate rate
Post-65 medical	5.50% decreasing by 0.50% per year, 5.00% ultimate rate
Prescription drug	9.50% decreasing by 0.50% per year, 5.00% ultimate rate
Dental	4.00%

*Actuarial Assumptions and Other Inputs (Continued)* - The discount rate was based on the Bond Buyer 20 (GO 20 Index) as of the measurement date, which represents municipal bond trends based on a portfolio of 20 general obligation bonds that mature in 20 years.

Mortality rates were based on the RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Mortality Tables projected generationally using Scale MP-2016.

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

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

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Town and Board of Education Plan *(Continued)***

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balance as of June 30, 2017	\$ 28,174,758
<b>Changes for the year:</b>	
Service cost	888,651
Interest	816,041
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(3,068,057)
Benefit payments	(860,811)
<b>Net changes</b>	<b>(2,224,176)</b>
Balance as of June 30, 2018	\$ 25,950,582

Changes of assumptions and other inputs primarily reflects a change in the discount rate from 2.85% utilized in the July 1, 2016 measurement to 3.58% utilized in the July 1, 2017 measurement.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	<b>1% Decrease (2.58%)</b>	<b>Current Discount (3.58%)</b>	<b>1% Increase (4.58%)</b>
Total OPEB Liability	\$ 30,293,643	\$ 25,950,582	\$ 22,490,258

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

	<b>1% Decrease in Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase in Trend Rates</b>
Total OPEB Liability	\$ 22,008,701	\$ 25,950,582	\$ 30,981,183

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Town and Board of Education Plan *(Continued)***

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the Town recognized OPEB expense of \$1,291,207. At June 30, 2018, the Town reported deferred inflows of resources related to OPEB from the following source:

	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 2,654,572

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

Year ended June 30,	
2019	\$ (413,485)
2020	(413,485)
2021	(413,485)
2022	(413,485)
2023	(413,485)
Thereafter	(587,147)
	\$ (2,654,572)

**Connecticut State Teachers' Retirement System**

**Plan Description**

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

**Benefit Provisions**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Benefit Provisions *(Continued)***

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

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

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

**Contributions**

Per CGS 10-183z, which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

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

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

**Administrative Expenses**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Basis of Presentation**

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2018.

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2017.

**Allocation Methodology**

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2017.

For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$80,795 or 0.41% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective OPEB expense allocated to the Town totaled \$653,207. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net OPEB liability of participating employers for the TRS was approximately \$3.475 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$14,094,431 or approximately 0.41% of the total collective net OPEB liability.

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Actuarial Assumptions**

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

Inflation	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	2.75%, net of investment related expense
Healthcare cost trend rates:	
Pre-Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

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

**Long-Term Rate of Return**

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**Proportionate Share of the Collective Net Pension Liability**

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 3.56%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	<b>1.00% Decrease (2.56%)</b>	<b>Current Rate (3.56%)</b>	<b>1.00% Increase (4.56%)</b>
Proportionate share of the net OPEB liability attributed to the Town	\$ 16,986,046	\$ 14,094,431	\$ 11,820,788

*Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates* - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease in Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase in Trend Rates</b>
Proportionate share of the net OPEB liability attributed to the Town	\$ 11,604,802	\$ 14,094,431	\$ 17,446,412

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 12 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools. During the year ended June 30, 2018, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

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

**Workers' Compensation Pool**

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

**Liability-Automobile-Property Pool**

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

**Self-Insurance**

The Internal Service Fund was established on July 1, 1996 to provide health coverage for Town and Board of Education employees previously covered by insured hospital and major medical insurance. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$225,000 for combined hospital and major medical.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2018. 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.

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 12 - RISK MANAGEMENT *(Continued)***

**Self-Insurance *(Continued)***

A summary of claims activity for the years ended June 30, 2017 and 2018 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>
2017	\$ 509,278	\$ 7,508,968	\$ 7,486,670	\$ 531,576
2018	531,576	8,422,036	8,318,888	634,724

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 13 - COMMITMENTS AND CONTINGENCIES**

**Federal Awards and State Financial Assistance**

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

**Encumbrances**

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund. Encumbrances are recognized as a valid and proper charge against a General Fund budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Open encumbrances as of June 30, 2018 are included in assigned fund balance.

**Legal and Other**

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

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

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE**

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 is currently evaluating the potential impact of adopting this Statement 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 is currently evaluating the potential impact of adopting this Statement on its financial statements.

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

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2018. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**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, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Over (Under)</b>
<b>REVENUES</b>				
Property taxes	\$ 38,548,256	\$ 40,440,232	\$ 40,836,545	\$ 396,313
Intergovernmental	15,010,963	13,136,315	12,979,773	(156,542)
Charges for services	54,100	54,100	29,138	(24,962)
Licenses and permits	371,700	371,700	414,353	42,653
Interest income	14,000	14,000	94,009	80,009
Other revenues	88,125	70,797	115,078	44,281
Total revenues	<u>54,087,144</u>	<u>54,087,144</u>	<u>54,468,896</u>	<u>381,752</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,115,298	7,361,883	7,278,119	(83,764)
Public safety	6,066,115	5,962,473	5,865,916	(96,557)
Public works	1,941,585	1,862,585	1,666,771	(195,814)
Culture and recreation	646,055	614,055	587,488	(26,567)
Health and welfare	218,792	218,849	214,395	(4,454)
Education	34,129,851	34,129,851	34,126,974	(2,877)
Debt service:				
Principal payments	3,245,794	3,245,794	3,245,788	(6)
Interest and fiscal charges	986,627	954,627	954,450	(177)
Total expenditures	<u>54,350,117</u>	<u>54,350,117</u>	<u>53,939,901</u>	<u>(410,216)</u>
Excess (deficiency) of revenues over expenditures	(262,973)	(262,973)	528,995	791,968
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	672,973	672,973	672,974	1
Transfers out	(410,000)	(410,000)	(410,000)	-
Total other financing sources (uses)	<u>262,973</u>	<u>262,973</u>	<u>262,974</u>	<u>1</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,969</u>	<u>\$ 791,969</u>

*See accompanying notes to required supplementary information.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>PROPERTY TAXES</b>				
Current levy	\$ 37,801,756	\$ 39,693,732	\$ 39,856,366	\$ 162,634
Prior year levies	500,000	500,000	623,641	123,641
Interest and lien fees	240,000	240,000	350,093	110,093
Credit card collections	6,500	6,500	6,445	(55)
Total property taxes	<u>38,548,256</u>	<u>40,440,232</u>	<u>40,836,545</u>	<u>396,313</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
Education equalization grant	13,224,243	11,645,463	11,663,926	18,463
School bonded projects - principal	598,818	598,818	598,818	-
School bonded projects - interest	67,366	67,366	67,366	-
Municipal aid adjustment grant	234,916	234,916	234,916	-
Elderly tax relief - circuit breaker	156,348	-	-	-
Municipal stabilization grant	-	220,992	220,992	-
Local capital improvements grant	228,958	209,878	28,384	(181,494)
Pequot grant	61,364	60,939	60,939	-
Medicare reimbursement	65,000	65,000	63,731	(1,269)
Veterans tax relief	17,328	17,328	23,698	6,370
Regional Water Authority - PILOT Program	9,360	9,360	10,125	765
Adult education	4,290	4,142	4,337	195
Totally disabled tax relief	2,113	2,113	2,541	428
Municipal revenue sharing	340,859	-	-	-
Total intergovernmental revenues	<u>15,010,963</u>	<u>13,136,315</u>	<u>12,979,773</u>	<u>(156,542)</u>
<b>CHARGES FOR SERVICES</b>				
Special education - tuition	20,000	20,000	372	(19,628)
Records money	650	650	988	338
Parks and recreation	17,000	17,000	12,991	(4,009)
Zoning board of appeals	1,000	1,000	750	(250)
Rainbow day camp fees	800	800	1,150	350
Solicitor and vendor permits	100	100	60	(40)
Inland wetlands permits	1,500	1,500	747	(753)
Outside activities	1,000	1,000	-	(1,000)
Parking tickets	50	50	80	30
In-kind services	12,000	12,000	12,000	-
Total charges for services	<u>54,100</u>	<u>54,100</u>	<u>29,138</u>	<u>(24,962)</u>

*(Continued)*

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>LICENSES AND PERMITS</b>				
Town clerk	\$ 225,000	\$ 225,000	\$ 229,155	\$ 4,155
Planning and zoning	15,000	15,000	14,759	(241)
Building permits	100,000	100,000	118,540	18,540
Recycling permits	25,000	25,000	43,424	18,424
Blasting permits	500	500	145	(355)
Police department permits	6,200	6,200	8,330	2,130
Total licenses and permits	<u>371,700</u>	<u>371,700</u>	<u>414,353</u>	<u>42,653</u>
<b>INTEREST INCOME</b>	<u>14,000</u>	<u>14,000</u>	<u>94,009</u>	<u>80,009</u>
<b>OTHER REVENUES</b>				
Library fines	11,000	11,000	8,002	(2,998)
False alarm fines	550	550	700	150
Vital statistics	75	75	70	(5)
Telephone access grant	34,000	34,000	25,923	(8,077)
Agency collection fees	5,000	5,000	-	(5,000)
Pavilion	2,500	2,500	2,500	-
Unanticipated revenues	35,000	17,672	77,883	60,211
Total other revenues	<u>88,125</u>	<u>70,797</u>	<u>115,078</u>	<u>44,281</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
Water Assessment Fund	390,235	390,235	390,235	-
Farmingbury Golf Course	62,738	62,738	62,739	1
Capital Improvement Fund	220,000	220,000	220,000	-
Total other financing sources	<u>672,973</u>	<u>672,973</u>	<u>672,974</u>	<u>1</u>
Total revenues and other financing sources	<u>\$ 54,760,117</u>	<u>\$ 54,760,117</u>	<u>\$ 55,141,870</u>	<u>\$ 381,753</u>

*See accompanying notes to required supplementary information.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over (Under)</u>
<b>GENERAL GOVERNMENT</b>				
Mayor's office	\$ 226,630	\$ 226,630	\$ 226,121	\$ (509)
Treasurer's office	134,476	134,476	131,395	(3,081)
Finance office	292,870	292,870	291,836	(1,034)
Town council	55,382	55,735	54,933	(802)
Town clerk	188,966	188,966	188,072	(894)
Tax collector	188,516	184,516	175,788	(8,728)
Assessor	250,350	238,350	224,047	(14,303)
Board of assessment appeals	4,758	4,758	3,109	(1,649)
Building inspector	74,078	74,078	69,745	(4,333)
Planning and zoning	98,241	98,241	96,148	(2,093)
Inland/Wetlands conservation	8,295	8,295	5,005	(3,290)
Industrial development	2,978	2,978	125	(2,853)
Zoning board of appeals	2,548	2,548	1,521	(1,027)
Registrar of voters	79,208	70,208	64,621	(5,587)
Other general government:				
Wages	270,645	301,313	285,504	(15,809)
Benefits and insurance	2,678,680	2,969,035	2,965,080	(3,955)
Refuse and recycling	1,679,000	1,613,479	1,612,522	(957)
Legal and consulting	174,680	174,680	173,260	(1,420)
Tri-Town Health District	143,139	144,221	144,221	-
Street lighting	49,625	45,234	44,642	(592)
Other	512,233	531,272	520,424	(10,848)
Total general government	<u>7,115,298</u>	<u>7,361,883</u>	<u>7,278,119</u>	<u>(83,764)</u>
<b>PUBLIC SAFETY</b>				
Police department	3,997,831	3,892,419	3,857,447	(34,972)
Public safety communications	438,460	433,460	412,622	(20,838)
Animal control officer	74,147	80,559	80,559	-
Public safety buildings	116,422	116,422	97,224	(19,198)
Fire department	657,421	657,421	650,164	(7,257)
Fire marshal	47,439	47,439	46,360	(1,079)
Civil preparedness	24,408	24,408	15,104	(9,304)
Emergency planning commission	31,408	31,408	27,805	(3,603)
Volunteer ambulance	678,579	678,937	678,631	(306)
Total public safety	<u>6,066,115</u>	<u>5,962,473</u>	<u>5,865,916</u>	<u>(96,557)</u>

*(Continued)*

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>PUBLIC WORKS</b>				
Highways and streets	\$ 1,941,585	\$ 1,862,585	\$ 1,666,771	\$ (195,814)
<b>CULTURE AND RECREATION</b>				
Parks and recreation	187,565	187,565	178,026	(9,539)
Library	458,490	426,490	409,462	(17,028)
Total culture and recreation	<u>646,055</u>	<u>614,055</u>	<u>587,488</u>	<u>(26,567)</u>
<b>HEALTH AND WELFARE</b>				
Commission on aging	170,902	170,959	167,441	(3,518)
Commission for special needs	47,890	47,890	46,954	(936)
Total health and welfare	<u>218,792</u>	<u>218,849</u>	<u>214,395</u>	<u>(4,454)</u>
<b>BOARD OF EDUCATION</b>	<u>34,129,851</u>	<u>34,129,851</u>	<u>34,126,974</u>	<u>(2,877)</u>
<b>DEBT SERVICE</b>				
Principal	3,245,794	3,245,794	3,245,788	(6)
Interest	986,627	954,627	954,450	(177)
Total debt service	<u>4,232,421</u>	<u>4,200,421</u>	<u>4,200,238</u>	<u>(183)</u>
<b>OTHER FINANCING USES</b>				
Transfers out:				
Capital Improvement Fund	<u>410,000</u>	<u>410,000</u>	<u>410,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 54,760,117</u>	<u>\$ 54,760,117</u>	<u>\$ 54,349,901</u>	<u>\$ (410,216)</u>

*See accompanying notes to required supplementary information.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - WATER ASSESSMENTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Water Assessment Phase 5	\$ 15,000	\$ 15,000	\$ 23,072	\$ 8,072
Water Assessment Phase 6	15,000	15,000	15,538	538
Water Assessment Phase 7	350,000	350,000	166,819	(183,181)
Water Assessment Phase 8	10,000	10,000	5,770	(4,230)
Water Assessment Phase 9	235	235	-	(235)
Total revenues	<u>390,235</u>	<u>390,235</u>	<u>211,199</u>	<u>(179,036)</u>
<b>OTHER FINANCING USES</b>				
Transfer to GF - Clinton Hill Water Principal	(195,000)	(195,000)	(195,000)	-
Transfer to GF - Clinton Hill Water Interest	(57,360)	(57,360)	(57,360)	-
Transfer to GF - Water Bond Refunding 2010 - Principal	(22,875)	(22,875)	(22,875)	-
Transfer to GF - Water Bond Refunding 2010 - Interest	(115,000)	(115,000)	(115,000)	-
Total other financing uses	<u>(390,235)</u>	<u>(390,235)</u>	<u>(390,235)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (179,036)</u>	<u>\$ (179,036)</u>

*See accompanying notes to required supplementary information.*

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>					
Service cost	\$ 634,477	\$ 612,282	\$ 745,140	\$ 745,140	\$ 774,852
Interest	2,225,628	2,291,920	2,104,216	1,974,211	1,888,726
Changes in benefit terms	-	140,289	-	-	-
Differences between expected and actual experience	-	(1,137,220)	-	(1,339,217)	-
Changes of assumptions	-	1,506,515	-	(674,595)	(1,497,403)
Benefit payments, including refunds	(1,439,016)	(1,164,865)	(1,065,813)	(1,024,906)	(981,367)
Net change in total pension liability	1,421,089	2,248,921	1,783,543	(319,367)	184,808
Total pension liability - beginning	30,868,074	28,619,153	26,835,610	27,154,977	26,970,169
Total pension liability - ending	32,289,163	30,868,074	28,619,153	26,835,610	27,154,977
<b>Plan fiduciary net position</b>					
Contributions - employer	1,399,948	1,345,461	1,158,500	1,058,150	1,025,000
Contributions - members	103,928	114,683	119,043	107,189	92,812
Net investment income	1,668,453	2,278,742	(182,181)	1,185,216	2,814,892
Benefit payments, including refunds	(1,439,016)	(1,164,865)	(1,065,813)	(1,024,906)	(981,367)
Administrative expense	(29,526)	(55,341)	(84,969)	(102,275)	(121,809)
Net change in plan fiduciary net position	1,703,787	2,518,680	(55,420)	1,223,374	2,829,528
Plan fiduciary net position - beginning	20,255,877	17,737,197	17,792,617	16,569,243	13,739,715
Plan fiduciary net position - ending	21,959,664	20,255,877	17,737,197	17,792,617	16,569,243
<b>Town's net pension liability</b>	<b>\$ 10,329,499</b>	<b>\$ 10,612,197</b>	<b>\$ 10,881,956</b>	<b>\$ 9,042,993</b>	<b>\$ 10,585,734</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	68.01%	65.62%	61.98%	66.30%	61.02%
<b>Covered employee payroll</b>	<b>\$ 5,513,671</b>	<b>\$ 5,513,671</b>	<b>\$ 5,635,836</b>	<b>\$ 5,635,836</b>	<b>\$ 5,408,348</b>
<b>Town's net pension liability as a percentage of covered employee payroll</b>	187.34%	192.47%	193.09%	160.46%	195.73%

*See accompanying notes to required supplementary information.*

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

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

*See accompanying notes to required supplementary information.*

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>					
Service cost	\$ 269,588	\$ 266,565	\$ 278,025	\$ 278,025	\$ 299,308
Interest	1,100,555	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	(795,309)	(800,602)	(760,100)	(719,995)	(670,184)
Net change in total pension liability	574,834	1,337,732	537,547	375,311	929,787
Total pension liability - beginning	15,850,282	14,512,550	13,975,003	13,599,692	12,669,905
Total pension liability - ending	16,425,116	15,850,282	14,512,550	13,975,003	13,599,692
<b>Plan fiduciary net position</b>					
Contributions - employer	724,012	764,343	610,934	1,226,677	557,457
Net investment income	1,231,080	2,086,366	202,366	788,429	1,458,383
Benefit payments, including refunds	(795,309)	(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	1,159,783	2,029,526	33,702	1,233,427	1,288,151
Plan fiduciary net position - beginning	14,081,057	12,051,531	12,017,829	10,784,402	9,496,251
Plan fiduciary net position - ending	15,240,840	14,081,057	12,051,531	12,017,829	10,784,402
<b>Town's net pension liability</b>	<b>\$ 1,184,276</b>	<b>\$ 1,769,225</b>	<b>\$ 2,461,019</b>	<b>\$ 1,957,174</b>	<b>\$ 2,815,290</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	92.79%	88.84%	83.04%	86.00%	79.30%
<b>Covered employee payroll</b>	<b>\$ 2,721,990</b>	<b>\$ 2,721,990</b>	<b>\$ 2,984,471</b>	<b>\$ 2,984,471</b>	<b>\$ 3,196,222</b>
<b>Town's net pension liability as a percentage of covered employee payroll</b>	43.51%	65.00%	82.46%	65.58%	88.08%

*See accompanying notes to required supplementary information.*

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

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

*See accompanying notes to required supplementary information.*

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.406%	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>54,759,000</u>	<u>57,772,000</u>	<u>46,682,000</u>	<u>43,148,000</u>
Total	<u>\$ 54,759,000</u>	<u>\$ 57,772,000</u>	<u>\$ 46,682,000</u>	<u>\$ 43,148,000</u>
Town's covered payroll	\$ 16,347,000	\$ 16,195,000	\$ 16,065,000	\$ 16,185,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

*See accompanying notes to required supplementary information.*

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

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	<b>2018</b>
<b>Total OPEB liability</b>	
Service cost	\$ 888,651
Interest	816,041
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(3,068,057)
Benefit payments, including refunds	(860,811)
Net change in total OPEB liability	(2,224,176)
Total OPEB liability - beginning	28,174,758
Total OPEB liability - ending	\$ 25,950,582

*See accompanying notes to required supplementary information.*

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

	<b>2018</b>
Proportion of the net pension liability attributed to the Town	0.406%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability attributed to the Town	14,094,000
Total	\$ 14,094,000
Town's covered payroll	\$ 16,347,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%
Plan fiduciary net position as a percentage of the total pension liability	1.79%

*See accompanying notes to required supplementary information.*

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**BUDGETARY INFORMATION**

A legally adopted budget is authorized annually for the General Fund and the Water Assessment Fund, a major special revenue 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, 2018.
- Formal budgetary integration is employed as a management control device during the year.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for capital improvements and nonrecurring expenditures. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**TOWN OF WOLCOTT, CONNECTICUT**  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) (Continued)  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**BUDGETARY INFORMATION (Continued)**

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP basis”). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2018:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 54,468,896	\$ 53,939,901	\$ 262,974	\$ 791,969
"On-behalf" payments - State Teachers Retirement Fund	4,185,668	4,185,668	-	-
Adjustment for encumbrances	-	32,900	-	(32,900)
Capital lease proceeds not recorded for budgetary purposes	-	119,739	119,739	-
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	748,477	748,477	-	-
Bond refunding	-	72,320	72,320	-
Certain transfers recorded as expenditures for budgetary purposes	-	(69,475)	(69,475)	-
GAAP basis	<u>\$ 59,403,041</u>	<u>\$ 59,029,530</u>	<u>\$ 385,558</u>	<u>\$ 759,069</u>

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of January 1, 2017. The January 1, 2017 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2018.

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

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 2 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - TOWN GENERAL PENSION PLAN *(Continued)***

*Assumption Changes* - The following assumption changes had a significant effect on the calculation of the Town's total pension liability calculated as June 30, 2017:

- The actuarial cost method was changed from projected unit credit to entry age normal
- The discount rate was lowered from 8.00% to 7.25%

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

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

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

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

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
Inflation:	2.50%
Investment rate of return:	7.25%
Salary increases:	Varies 0.00% to 9.34%
Retirement age:	Age 65

Mortality rates were based on RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant tables projected generationally with Scale MP-2016 for Healthy and on RP-2014 (adjusted back to 2006) Disabled Retiree table projected generationally with Scale MP-2016 for Disabled.

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of January 1, 2017. The January 1, 2017 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2018.

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 4 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - BOARD OF EDUCATION PLAN *(Continued)***

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

*Assumption Changes* - The following assumption changes had a significant effect on the calculation of the Town's total pension liability calculated as June 30, 2017:

- The actuarial cost method was changed from projected unit credit to entry age normal
- The discount rate was lowered from 7.50% to 7.00%

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

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

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

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

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
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 rates were based on RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Tables projected generationally with Scale MP-2016.

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

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

**TOWN OF WOLCOTT, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM *(Continued)***

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

*Assumption changes* - The following significant assumptions were changed in connection with the most recent valuation:

- the inflation assumption was reduced from 3.00% to 2.75%,
- the real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%,
- the payroll growth assumption was reduced from 3.75% to 3.25%, and
- various demographic assumption changes including the utilization of the RPH-2014 mortality tables.

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

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

The Net OPEB Liability measured as of July 1, 2016 and July 1, 2017, were determined based upon the results of the actuarial valuation as of July 1, 2016, adjusted to the measurement date of June 30, 2018.

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

*Assumption Changes* - The discount rate was increased from 2.85% as of July 1, 2016 to 3.58% as of July 1, 2017.

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

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

*Assumption Changes* - There have been no changes in assumptions that have had a significant effect on the measurement of the total OPEB liability.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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**GENERAL FUND**

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**TOWN OF WOLCOTT, CONNECTICUT**  
**COMPARATIVE BALANCE SHEETS**  
**GENERAL FUND**  
**JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,800,358	\$ 5,243,049
Investments	980,000	980,000
Receivables:		
Property taxes and interest, net	1,974,762	1,669,810
Grants and contracts	28,384	2,010,913
Other	168,728	43,444
Due from other funds	25,001	502,417
Advances to other fund	417,691	-
Total assets	<u>\$ 11,394,924</u>	<u>\$ 10,449,633</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,830,870	\$ 1,688,547
Due to other funds	1,787,010	709
Unearned revenue	31,763	26,832
Total liabilities	<u>3,649,643</u>	<u>1,716,088</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue:		
Property taxes and interest	1,784,630	1,521,050
Grants and contracts	-	2,010,913
Total deferred inflows of resources	<u>1,784,630</u>	<u>3,531,963</u>
<b>FUND BALANCES</b>		
Nonspendable	417,691	-
Assigned	514,749	247,649
Unassigned	5,028,211	4,953,933
Total fund balances	<u>5,960,651</u>	<u>5,201,582</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,394,924</u>	<u>\$ 10,449,633</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, 2018**

Grand List Year	Balance Uncollected June 30, 2017	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2018
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2016	\$ -	\$ 40,709,898	\$ 80,463	\$ 104,389	\$ -	\$ 40,685,972	\$ 39,796,519	\$ 140,702	\$ 39,937,221	\$ 889,453
2015	819,744	-	3,696	14,991	-	808,449	388,936	89,605	478,541	419,513
2014	359,440	-	-	2,609	-	356,831	115,003	46,278	161,281	241,828
2013	184,451	-	437	127	-	184,761	57,942	37,711	95,653	126,819
2012	56,368	-	572	141	38,929	17,870	8,206	14,914	23,120	9,664
2011	21,881	-	-	167	10,286	11,428	9,149	13,039	22,188	2,279
2010	-	-	-	158	-	(158)	(158)	4,778	4,620	-
2009	-	-	102	174	-	(72)	(72)	3,542	3,470	-
2008	-	-	-	-	-	-	-	3,744	3,744	-
2007	-	-	-	-	-	-	-	1,835	1,835	-
2006	-	-	-	-	-	-	-	10	10	-
2005	-	-	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	236	236	-
2003	-	-	-	-	-	-	-	263	263	-
2002	-	-	-	-	-	-	-	-	-	-
2001	970	-	-	970	-	-	-	-	-	-
	<u>\$ 1,442,854</u>	<u>\$ 40,709,898</u>	<u>\$ 85,270</u>	<u>\$ 123,726</u>	<u>\$ 49,215</u>	<u>\$ 42,065,081</u>	<u>\$ 40,375,525</u>	<u>\$ 356,657</u>	<u>\$ 40,732,182</u>	<u>\$ 1,689,556</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, 2018

Total cash collections for the year ended  
June 30, 2018:

Taxes	\$ 40,375,525
Interest and lien fees	356,657
Total	40,732,182

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	26,239
Base	\$ 40,758,421

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 91,706,447	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	183,412,895	-	-	-
3-3/4 times base	-	-	152,844,079	-	-
3-1/4 times base	-	-	-	132,464,868	-
3 times base	-	-	-	-	122,275,263
Total debt limitation	91,706,447	183,412,895	152,844,079	132,464,868	122,275,263
Indebtedness:					
Bonds payable*	21,718,255	7,715,665	-	-	-
Bond anticipation notes payable	6,297,000	703,000	-	-	-
Note payable	-	-	335,476	-	-
Authorized but unissued bonds	-	-	-	-	-
Total indebtedness	28,015,255	8,418,665	335,476	-	-
Debt limitation in excess of outstanding and authorized debt	\$ 63,691,192	\$ 174,994,230	\$ 152,508,603	\$ 132,464,868	\$ 122,275,263
Total capacity of borrowing (7 times base)	\$ 285,308,947				
Total present indebtedness	36,769,396				
Margin for additional borrowing	\$ 248,539,551				

\* In accordance with State Statutes, bonds payable issued for the supply of water totaling \$3,361,076 are excluded from indebtedness.

*See accompanying Independent Auditor's Report.*

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**CAPITAL IMPROVEMENT FUND**

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**TOWN OF WOLCOTT, CONNECTICUT**  
**PROJECT STATUS SUMMARY**  
**CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Fund Balance June 30, 2017</u>	<u>Revenues</u>			<u>Expenditures</u>			<u>Transfers In (Out)</u>	<u>Fund Balance June 30, 2018</u>
		<u>Bond Proceeds</u>	<u>Investment Income</u>	<u>Other Income</u>	<u>Capital Outlays</u>	<u>Repayment of Bond Anticipation Notes</u>	<u>Interest and Debt Issuance Costs</u>		
<b>Current Capital Bonding Projects</b>									
Various Capital Projects - Phase III	\$ 251,086	\$ -	\$ -	\$ -	\$ 7,417	\$ -	\$ -	\$ (220,000)	\$ 23,669
Various Capital Projects - Phase IV	(53,589)	11,300,000	-	361,195	79,922	11,300,000	306,282	410,000	331,402
Various Capital Projects - Phase V	-	-	40,240	48,615	1,776,190	-	18,593	-	(1,705,928)
Total	<u>\$ 197,497</u>	<u>\$ 11,300,000</u>	<u>\$ 40,240</u>	<u>\$ 409,810</u>	<u>\$ 1,863,529</u>	<u>\$ 11,300,000</u>	<u>\$ 324,875</u>	<u>\$ 190,000</u>	<u>\$ (1,350,857)</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF WOLCOTT, CONNECTICUT**  
**CAPITAL PROJECTS AUTHORIZATIONS**  
**CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b>Capital Project</b>	<b>Authorization</b>	<b>Cumulative Expenditures</b>	<b>Encumbered</b>	<b>Balance - June 30, 2018</b>
Spindle Hill State Grant	\$ 483,500	\$ 466,790	\$ -	\$ 16,710
Munson Road Bridge	82,950	72,030	-	10,920
Todd Road LOTCIP Grant	3,023,600	-	-	3,023,600
<b>Various Capital Projects III</b>				
Walking trail at Scovill Reservoir	350,000	334,785	-	15,215
<b>Various Capital Projects IV</b>				
Finance/bonding legal/insurance	271,300	271,300	-	-
Reconstruction/repair roads - phase II	10,526,462	10,526,462	-	-
Upgrades to Wolcott Public Schools	863,700	863,700	-	-
<b>Various Capital Projects V</b>				
Finance/Bonding Legal/Insurance	97,000	18,593	-	78,407
Senior Center Improvements	150,000	11,487	-	138,513
Fire Department Breathing Apparatus & Related Equipment	838,613	786,367	-	52,246
Reconstruction/Repair Road - Phase III	5,050,000	963,535	-	4,086,465
Gas Fired Boilers -Tyrrell Middle School	267,699	-	-	267,699
Central Office Renovation Alcott	250,000	-	-	250,000
Fuel Oil Tank for Frisbie School	96,155	4,933	-	91,222
Fuel Oil Tank for Alcott School	134,028	4,933	-	129,095
Fuel Oil Tank for Wakelee School	116,505	4,933	-	111,572
<b>Total</b>	<u>\$ 22,601,512</u>	<u>\$ 14,329,848</u>	<u>\$ -</u>	<u>\$ 8,271,664</u>

*See accompanying Independent Auditor's Report.*

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**NONMAJOR GOVERNMENTAL FUNDS**

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**TOWN OF WOLCOTT, CONNECTICUT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018

	<b>Nonmajor Special Revenue Funds</b>							
	<b>Farmingbury Hills Country Club Fund</b>	<b>Acquired Facilities Woodtick Recreation Area</b>	<b>Miscellaneous Grants and Programs Fund</b>	<b>Police Department Asset Forfeiture Fund</b>	<b>Police Donations Fund</b>	<b>Sewer Usage Fund</b>	<b>Sewer Assessment Fund</b>	<b>Water Usage Fund</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 19,225	\$ 149,209	\$ 161,157	\$ -	\$ 5,181	\$ 561,473	\$ 202,719	\$ 409,842
Investments	-	-	-	-	-	245,000	-	200,000
Receivables:								
Grants and contracts	-	-	16,509	-	-	-	-	-
Assessments, net	-	-	-	-	-	-	13,192	-
Usage fees, net	-	-	-	-	-	1,243,836	-	101,146
Other	-	-	-	-	-	-	-	9,926
Due from other funds	-	-	-	-	-	950	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 19,225</u>	<u>\$ 149,209</u>	<u>\$ 177,666</u>	<u>\$ -</u>	<u>\$ 5,181</u>	<u>\$ 2,051,259</u>	<u>\$ 215,911</u>	<u>\$ 720,914</u>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 4,473	\$ 1,980	\$ 13,000	\$ -	\$ -	\$ 300,402	\$ -	\$ 230,200
Due to other funds	14,752	2,370	187	-	-	4,495	-	1,951
Unearned revenue	-	-	49,388	-	-	-	-	-
Advances from other fund	417,691	-	-	-	-	-	-	-
Total liabilities	<u>436,916</u>	<u>4,350</u>	<u>62,575</u>	<u>-</u>	<u>-</u>	<u>304,897</u>	<u>-</u>	<u>232,151</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	-	-	-	-	-	398,910	13,192	86,404
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>398,910</u>	<u>13,192</u>	<u>86,404</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	115,091	-	5,181	-	-	-
Committed	-	144,859	-	-	-	1,347,452	202,719	402,359
Unassigned	(417,691)	-	-	-	-	-	-	-
Total fund balances	<u>(417,691)</u>	<u>144,859</u>	<u>115,091</u>	<u>-</u>	<u>5,181</u>	<u>1,347,452</u>	<u>202,719</u>	<u>402,359</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,225</u>	<u>\$ 149,209</u>	<u>\$ 177,666</u>	<u>\$ -</u>	<u>\$ 5,181</u>	<u>\$ 2,051,259</u>	<u>\$ 215,911</u>	<u>\$ 720,914</u>

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF WOLCOTT, CONNECTICUT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 JUNE 30, 2018

	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	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 25,909	\$ 56,473	\$ 217,653	\$ 5,347	\$ 200,772	\$ 39,540	\$ 27,311	\$ 87,438
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	1,558	66,910	-	-	-	-	-
Assessments, net	-	-	-	-	-	-	-	-
Usage fees, net	-	-	-	-	-	-	-	-
Other	13,209	-	5,817	-	2,300	1,000	486	27,920
Due from other funds	-	-	-	-	-	-	-	-
Inventories	-	-	18,616	-	-	-	-	-
Total assets	<u>\$ 39,118</u>	<u>\$ 58,031</u>	<u>\$ 308,996</u>	<u>\$ 5,347</u>	<u>203,072</u>	<u>\$ 40,540</u>	<u>\$ 27,797</u>	<u>\$ 115,358</u>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 11,861	\$ 12,344	\$ 141	\$ -	-	\$ -	\$ -	\$ 7,093
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue	-	19,185	23,881	-	2,300	-	-	-
Advances from other fund	-	-	-	-	-	-	-	-
Total liabilities	<u>11,861</u>	<u>31,529</u>	<u>24,022</u>	<u>-</u>	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>7,093</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	18,616	-	-	-	-	-
Restricted	27,257	26,502	-	-	-	40,540	27,797	-
Committed	-	-	266,358	5,347	200,772	-	-	108,265
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>27,257</u>	<u>26,502</u>	<u>284,974</u>	<u>5,347</u>	<u>200,772</u>	<u>40,540</u>	<u>27,797</u>	<u>108,265</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 39,118</u>	<u>\$ 58,031</u>	<u>\$ 308,996</u>	<u>\$ 5,347</u>	<u>203,072</u>	<u>\$ 40,540</u>	<u>\$ 27,797</u>	<u>\$ 115,358</u>

(Continued)

See accompanying Independent Auditor's Report.

**TOWN OF WOLCOTT, CONNECTICUT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 JUNE 30, 2018

	<b>Nonmajor Special Revenue Funds</b>						<b>Total Nonmajor Special Revenue Funds</b>
	<b>Insurance Claims Fund</b>	<b>FHCC Monument/ Plaque Donation Fund</b>	<b>Senior Center Fund</b>	<b>BOE Summer Studies Fund</b>	<b>BOE Latch Key Program Fund</b>	<b>Town Aid Road Fund</b>	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 32,244	\$ 2,812	\$ 11,145	\$ 44,777	\$ 188,664	\$ 109,972	\$ 2,558,863
Investments	-	-	-	-	-	-	445,000
Receivables:							
Grants and contracts	-	-	-	-	-	-	84,977
Assessments, net	-	-	-	-	-	-	13,192
Usage fees, net	-	-	-	-	-	-	1,344,982
Other	4,319	-	131	-	-	-	65,108
Due from other funds	-	-	-	-	-	-	950
Inventories	-	-	-	-	-	-	18,616
Total assets	<u>\$ 36,563</u>	<u>\$ 2,812</u>	<u>\$ 11,276</u>	<u>\$ 44,777</u>	<u>\$ 188,664</u>	<u>\$ 109,972</u>	<u>\$ 4,531,688</u>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 505	\$ -	\$ -	\$ -	\$ 581,999
Due to other funds	-	-	-	-	-	-	23,755
Unearned revenue	-	-	-	-	-	-	94,754
Advances from other fund	-	-	-	-	-	-	417,691
Total liabilities	<u>-</u>	<u>-</u>	<u>505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,118,199</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues	-	-	-	-	-	-	498,506
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>498,506</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	18,616
Restricted	-	2,812	-	-	-	109,972	355,152
Committed	36,563	-	10,771	44,777	188,664	-	2,958,906
Unassigned	-	-	-	-	-	-	(417,691)
Total fund balances	<u>36,563</u>	<u>2,812</u>	<u>10,771</u>	<u>44,777</u>	<u>188,664</u>	<u>109,972</u>	<u>2,914,983</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 36,563</u>	<u>\$ 2,812</u>	<u>\$ 11,276</u>	<u>\$ 44,777</u>	<u>\$ 188,664</u>	<u>\$ 109,972</u>	<u>\$ 4,531,688</u>

(Continued)

See accompanying Independent Auditor's Report.

**TOWN OF WOLCOTT, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2018**

	<b>Nonmajor Capital Project Fund</b>	<b>Nonmajor Debt Service Fund</b>	
	<b>Capital and Nonrecurring Fund</b>	<b>Debt Service Reserve Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 821	\$ -	\$ 2,559,684
Investments	-	-	445,000
Receivables:			
Grants and contracts	-	-	84,977
Assessments, net	-	-	13,192
Usage fees, net	-	-	1,344,982
Other	-	-	65,108
Due from other funds	-	1,489,348	1,490,298
Inventories	-	-	18,616
Total assets	<u>\$ 821</u>	<u>\$ 1,489,348</u>	<u>\$ 6,021,857</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 581,999
Due to other funds	-	-	23,755
Unearned revenue	-	-	94,754
Advances from other fund	-	-	417,691
Total liabilities	<u>-</u>	<u>-</u>	<u>1,118,199</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	-	-	498,506
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>498,506</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	18,616
Restricted	-	-	355,152
Committed	821	1,489,348	4,449,075
Unassigned	-	-	(417,691)
Total fund balances	<u>821</u>	<u>1,489,348</u>	<u>4,405,152</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 821</u>	<u>\$ 1,489,348</u>	<u>\$ 6,021,857</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, 2018

	<b>Nonmajor Special Revenue Funds</b>							
	<b>Farmingbury Hills Country Club Fund</b>	<b>Acquired Facilities Woodtick Recreation Area</b>	<b>Miscellaneous Grants and Programs Fund</b>	<b>Police Department Asset Forfeiture Fund</b>	<b>Police Donations Fund</b>	<b>Sewer Usage Fund</b>	<b>Sewer Assessment Fund</b>	<b>Water Usage Fund</b>
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ 43,423	\$ 121	\$ -	\$ -	\$ -	\$ -
Charges for services	472,748	114,301	-	-	-	1,051,816	-	383,311
Interest income	26	-	208	-	-	4,172	-	1,052
Other	-	-	102,754	-	1,828	-	-	12,618
Total revenues	<u>472,774</u>	<u>114,301</u>	<u>146,385</u>	<u>121</u>	<u>1,828</u>	<u>1,055,988</u>	<u>-</u>	<u>396,981</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	11,646	-	-	-	-	-
Public safety	-	-	1,578	1,978	896	-	-	-
Public works	-	-	2,773	-	-	705,112	-	330,758
Culture and recreation	519,340	107,612	2,269	-	-	-	-	-
Health and welfare	-	-	14,304	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital outlays	99,547	-	36,226	-	-	-	-	5,075
Debt service:								
Principal payments	46,291	-	-	-	-	162,777	-	-
Interest and fiscal charges	4,399	-	-	-	-	8,478	-	-
Total expenditures	<u>669,577</u>	<u>107,612</u>	<u>68,796</u>	<u>1,978</u>	<u>896</u>	<u>876,367</u>	<u>-</u>	<u>335,833</u>
Excess (deficiency) of revenues over expenditures	(196,803)	6,689	77,589	(1,857)	932	179,621	-	61,148
<b>OTHER FINANCING SOURCES (USES)</b>								
Capital lease financing	96,347	-	-	-	-	-	-	-
Transfers in	69,475	-	-	-	-	-	-	-
Transfers out	(62,739)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>103,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(93,720)	6,689	77,589	(1,857)	932	179,621	-	61,148
Fund balances - beginning	(323,971)	138,170	37,502	1,857	4,249	1,167,831	202,719	341,211
Fund balances - ending	<u>\$ (417,691)</u>	<u>\$ 144,859</u>	<u>\$ 115,091</u>	<u>\$ -</u>	<u>\$ 5,181</u>	<u>\$ 1,347,452</u>	<u>\$ 202,719</u>	<u>\$ 402,359</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, 2018

	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
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ 1,454,118	\$ 389,137	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	33,726	6,918	674,480	-	-	-	5,706	145,572
Interest income	-	4	367	-	-	491	-	-
Other	20,693	3,168	-	258	-	7,000	-	-
Total revenues	<u>54,419</u>	<u>1,464,208</u>	<u>1,063,984</u>	<u>258</u>	<u>-</u>	<u>7,491</u>	<u>5,706</u>	<u>145,572</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	138	-	-	1,000	860
Public safety	34,860	-	-	-	-	-	-	125,893
Public works	-	-	-	-	-	-	-	5,136
Culture and recreation	937	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Education	-	1,461,904	1,104,665	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	54,650
Debt service:								
Principal payments	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>35,797</u>	<u>1,461,904</u>	<u>1,104,665</u>	<u>138</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>186,539</u>
Excess (deficiency) of revenues over expenditures	18,622	2,304	(40,681)	120	-	7,491	4,706	(40,967)
<b>OTHER FINANCING SOURCES (USES)</b>								
Capital lease financing	-	-	-	-	-	-	-	-
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	18,622	2,304	(40,681)	120	-	7,491	4,706	(40,967)
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 27,257</u>	<u>\$ 26,502</u>	<u>\$ 284,974</u>	<u>\$ 5,347</u>	<u>\$ 200,772</u>	<u>\$ 40,540</u>	<u>\$ 27,797</u>	<u>\$ 108,265</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, 2018

	<b>Nonmajor Special Revenue Funds</b>						<b>Total Nonmajor Special Revenue Funds</b>
	<b>Insurance Claims Fund</b>	<b>FHCC Monument/ Plaque Donation Fund</b>	<b>Senior Center Fund</b>	<b>BOE Summer Studies Fund</b>	<b>BOE Latch Key Program Fund</b>	<b>Town Aid Road Fund</b>	
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,865	\$ 2,188,664
Charges for services	-	-	-	54,031	394,431	-	3,337,040
Interest income	-	-	-	15	73	-	6,408
Other	54,601	125	4,997	-	-	-	208,042
Total revenues	<u>54,601</u>	<u>125</u>	<u>4,997</u>	<u>54,046</u>	<u>394,504</u>	<u>301,865</u>	<u>5,740,154</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	13,644
Public safety	-	-	-	-	-	-	165,205
Public works	25,593	-	-	-	-	191,893	1,261,265
Culture and recreation	13,278	-	-	-	-	-	643,436
Health and welfare	-	-	3,198	-	-	-	17,502
Education	-	-	-	58,672	330,633	-	2,955,874
Capital outlays	-	-	-	-	-	-	195,498
Debt service:							
Principal payments	-	-	-	-	-	-	209,068
Interest and fiscal charges	-	-	-	-	-	-	12,877
Total expenditures	<u>38,871</u>	<u>-</u>	<u>3,198</u>	<u>58,672</u>	<u>330,633</u>	<u>191,893</u>	<u>5,474,369</u>
Excess (deficiency) of revenues over expenditures	15,730	125	1,799	(4,626)	63,871	109,972	265,785
<b>OTHER FINANCING SOURCES (USES)</b>							
Capital lease financing	-	-	-	-	-	-	96,347
Transfers in	-	-	-	-	-	-	69,475
Transfers out	-	-	-	-	-	-	(62,739)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,083</u>
Net change in fund balances	15,730	125	1,799	(4,626)	63,871	109,972	368,868
Fund balances - beginning	<u>20,833</u>	<u>2,687</u>	<u>8,972</u>	<u>49,403</u>	<u>124,793</u>	<u>-</u>	<u>2,546,115</u>
Fund balances - ending	<u>\$ 36,563</u>	<u>\$ 2,812</u>	<u>\$ 10,771</u>	<u>\$ 44,777</u>	<u>\$ 188,664</u>	<u>\$ 109,972</u>	<u>\$ 2,914,983</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, 2018

	<b>Nonmajor Capital Project Fund Capital and Nonrecurring Fund</b>	<b>Nonmajor Debt Service Fund Debt Service Reserve Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 1,489,348	\$ 3,678,012
Charges for services	-	-	3,337,040
Interest income	11	-	6,419
Other	-	-	208,042
Total revenues	<u>11</u>	<u>1,489,348</u>	<u>7,229,513</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	13,644
Public safety	-	-	165,205
Public works	-	-	1,261,265
Culture and recreation	-	-	643,436
Health and welfare	-	-	17,502
Education	-	-	2,955,874
Capital outlays	-	-	195,498
Debt service:			
Principal payments	-	-	209,068
Interest and fiscal charges	-	-	12,877
Total expenditures	<u>-</u>	<u>-</u>	<u>5,474,369</u>
Excess (deficiency) of revenues over expenditures	11	1,489,348	1,755,144
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease financing	-	-	96,347
Transfers in	-	-	69,475
Transfers out	-	-	(62,739)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>103,083</u>
Net change in fund balances	11	1,489,348	1,858,227
Fund balances - beginning	<u>810</u>	<u>-</u>	<u>2,546,925</u>
Fund balances - ending	<u>\$ 821</u>	<u>\$ 1,489,348</u>	<u>\$ 4,405,152</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, 2018

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest Income	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See accompanying Independent Auditor's Report.*

**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, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
<b>REVENUES</b>				
Water Usage	\$ 382,516	\$ 382,516	\$ 366,242	\$ (16,274)
Water Meter Set-Up Parts	11,000	11,000	6,569	(4,431)
Unanticipated Revenues	-	-	12,618	12,618
Water Connection Revenues	18,000	18,000	9,100	(8,900)
Water Permits and Applications	1,000	1,000	1,400	400
CD Interest	429	429	1,052	623
Total revenues	412,945	412,945	396,981	(15,964)
<b>EXPENDITURES</b>				
Water Usage	230,000	230,000	187,975	(42,025)
Electricity	24,000	25,743	25,743	-
Medical Insurance	21,405	21,405	21,405	-
Water Meter Set-Up Parts	17,700	15,957	5,781	(10,176)
Salary/Administrative	17,999	17,999	17,999	-
Wages - Operations	17,256	19,231	18,086	(1,145)
Maintenance - Water	16,000	16,000	6,386	(9,614)
Testing Costs	15,574	15,574	6,130	(9,444)
Capital Outlay	-	-	-	-
Wages - Clerical	11,853	12,578	11,795	(783)
Tele-Communications	6,950	6,950	2,970	(3,980)
Liability Insurance	5,922	5,922	5,922	-
Pension Plan	4,965	4,965	4,965	-
Social Security	3,950	3,950	3,735	(215)
Workers Compensation Ins	2,478	2,478	2,478	-
In-Kind Services	2,100	2,100	2,100	-
Legal & Consulting Services	2,000	2,000	-	(2,000)
Part-Time Engineer & Architect	1,675	1,675	1,675	-
In-Service Training	1,500	1,500	190	(1,310)
Operating Reserve	2,700	-	-	-
Postage	1,300	1,300	1,300	-
QDS Assessment Support	1,150	1,150	1,150	-
QDS Bill Prep	1,148	1,148	1,076	(72)
Fuel, Heating	850	850	105	(745)
Bank Service Fees	850	850	746	(104)
Office Supplies	750	750	421	(329)
Dues and Fees	700	700	455	(245)
Group Life Insurance	170	170	170	-
Total expenditures	412,945	412,945	330,758	(82,187)
Net change in fund balances	\$ -	\$ -	\$ 66,223	\$ 66,223

*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 USAGE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
<b>REVENUES</b>				
Sewer Usage	\$ 982,408	\$ 982,408	\$ 1,017,284	\$ 34,876
Connection Fees	37,500	37,500	32,500	(5,000)
CD Interest	1,450	1,450	437	(1,013)
Sewer Permits and Applications	1,000	1,000	1,400	400
STIF Interest Sewer Usage	250	250	3,423	3,173
STIF Interest STP Upgrade	50	50	312	262
Unanticipated Revenues	-	-	632	632
Total revenues	1,022,658	1,022,658	1,055,988	33,330
<b>EXPENDITURES</b>				
Sewer Usage	450,000	450,000	296,514	(153,486)
Waterbury Sewer Filter Plant	172,311	172,311	171,255	(1,056)
Medical Insurance	85,610	85,610	85,610	-
Salary/Administrative	71,995	71,995	71,995	-
Wages - Operations	69,275	77,174	71,726	(5,448)
Capital Outlay	55,000	55,000	-	(55,000)
Wages - Clerical	41,832	44,369	44,354	(15)
Liability Insurance	21,830	21,830	21,830	-
Pension Plan	19,865	19,865	19,865	-
Part-Time Billing Clerk	19,793	21,177	21,177	-
Social Security	17,590	17,590	16,298	(1,292)
Maintenance - Sewer	15,000	15,000	3,795	(11,205)
Legal & Consulting Services	15,000	15,000	-	(15,000)
Operating Reserve	11,820	-	-	-
Electricity	10,912	10,912	8,799	(2,113)
In-Kind Services	7,500	7,500	7,500	-
Maintenance - Equipment	7,000	7,000	6,553	(447)
Wages - Part Time	6,000	6,000	5,679	(321)
Tele-communications	5,550	5,550	3,263	(2,287)
Gas/Diesel	5,500	5,500	3,620	(1,880)
Overtime	5,000	5,000	1,497	(3,503)
Other	23,321	23,321	15,037	(8,284)
Total expenditures	1,137,704	1,137,704	876,367	(261,337)
<b>OTHER FINANCING SOURCES</b>				
Transfer in from General Fund	115,046	115,046	-	115,046
Net change in fund balance	\$ -	\$ -	\$ 179,621	\$ 179,621

*See accompanying Independent Auditor's Report.*

**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, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
<b>REVENUES</b>				
Gate Receipts	\$ 43,019	\$ 43,019	\$ 71,438	\$ 28,419
Funds Carried Forward	37,152	37,152	-	(37,152)
Rental of Facilities	17,000	17,000	17,225	225
Food Sales	15,460	15,460	17,760	2,300
Security Deposits	4,000	4,000	4,875	875
Housing Rental Income	3,000	3,000	3,000	-
Other	-	-	3	3
Total revenues	119,631	119,631	114,301	(5,330)
<b>EXPENDITURES</b>				
Wages - Operations	40,731	44,863	44,863	-
Salary/Administrative	16,440	16,440	16,440	-
Capital Outlays	15,000	10,558	5,604	(4,954)
Snack Bar Supplies	9,500	9,500	8,469	(1,031)
Maintenance & Repair - Building	9,000	9,000	6,077	(2,923)
Maintenance - Equipment	5,500	5,500	4,417	(1,083)
Maintenance - Dam/Reservoirs	5,000	5,000	5,000	-
Social Security	4,380	4,690	4,690	-
Picnic Refunds	4,000	4,000	3,000	(1,000)
Legal & Consulting Services	3,500	3,500	-	(3,500)
Heat and Light	3,375	3,375	3,254	(121)
Liability Insurance	2,870	2,870	2,870	-
Operation Expense	2,400	2,400	1,415	(985)
Fish Stocking	2,000	2,000	-	(2,000)
Maintenance Supplies	1,200	1,200	143	(1,057)
Workers Compensation Ins	700	700	700	-
Office Supplies	700	700	120	(580)
In-Kind Services	400	400	400	-
Recertification	200	200	-	(200)
Tele-Communications	150	150	150	-
Health License	85	85	-	(85)
Total expenditures	127,131	127,131	107,612	(19,519)
<b>OTHER FINANCING SOURCES</b>				
Transfer in from General Fund	7,500	7,500	-	(7,500)
Net change in fund balance	\$ -	\$ -	\$ 6,689	\$ 6,689

*See accompanying Independent Auditor's Report.*

**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, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
<b>REVENUES</b>				
Cart Rentals	\$ 259,300	\$ 259,300	\$ 196,860	\$ (62,440)
Greens Fees	171,080	171,080	139,233	(31,847)
Season Passes	90,000	90,000	63,460	(26,540)
Facility Rentals	49,000	49,000	49,314	314
Surcharge Revenue	25,000	25,000	17,038	(7,962)
Groupon Sales	16,000	16,000	5,904	(10,096)
Other	-	-	965	965
Total revenues	610,380	610,380	472,774	(137,606)
<b>EXPENDITURES</b>				
Wages - Operations	178,900	198,650	198,121	(529)
Salary/Golf Pro	76,200	72,546	72,547	1
Bond Repayment Club House	49,792	49,792	49,792	-
Salary/Admin Supervisor	49,100	49,100	49,068	(32)
Equipment Lease	25,740	24,889	24,889	-
Fertilizers and Chemicals	25,500	17,500	12,846	(4,654)
Maintenance/Repair & Supplies	24,350	24,350	16,465	(7,885)
Social Security	21,720	21,720	20,787	(933)
Overtime	20,000	26,042	26,042	-
Operating Reserve	19,750	-	-	-
Electricity	19,000	19,000	18,142	(858)
Maintenance - Equip/Reel Sharpening	17,000	17,000	15,946	(1,054)
Golf Cart Lease	14,889	25,801	25,801	-
Bond Interest Club House	12,947	12,947	12,947	-
Workers Compensation Ins	9,230	9,230	9,230	-
Wages - Seasonal Help	8,500	8,625	8,625	-
Liability Insurance	8,410	8,410	8,410	-
Fuels - Gas, Oil, Diesel	8,000	8,000	7,881	(119)
Fuel, Heating	7,300	7,300	6,000	(1,300)
Property Taxes	6,200	5,611	5,611	-
Maintenance - Greens	6,000	6,000	2,195	(3,805)
Rangers	6,000	3,487	3,159	(328)
Custodial Club House	6,000	5,500	2,194	(3,306)
Bank Service Fees	5,999	5,999	4,184	(1,815)
Seed, Sod, Flower, Landscaping	5,501	5,501	2,194	(3,307)
Sand, Stone, & Loam	5,500	5,500	4,237	(1,263)
Other	42,327	41,355	25,456	(15,899)
Total expenditures	679,855	679,855	632,769	(47,086)
<b>OTHER FINANCING SOURCES</b>				
Transfer in from General Fund	69,475	69,475	69,475	-
Net change in fund balance	\$ -	\$ -	\$ (90,520)	\$ (90,520)

*See accompanying Independent Auditor's Report.*

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**FIDUCIARY FUNDS**

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**TOWN OF WOLCOTT, CONNECTICUT**  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS  
 JUNE 30, 2018

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	<b>Town General Pension Trust Fund</b>	<b>Board of Education Pension Trust Fund</b>	<b>Total Pension Trust Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,754,562	\$ -	\$ 3,754,562
Investments	18,100,974	15,240,840	33,341,814
Contributions receivable	104,128	91,499	195,627
Total assets	21,959,664	15,332,339	37,292,003
<b>NET POSITION</b>			
Held in trust for pension benefits	\$ 21,959,664	\$ 15,332,339	\$ 37,292,003

*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, 2018**

	<b>Town General Pension Trust Fund</b>	<b>Board of Education Pension Trust Fund</b>	<b>Total Pension Trust Funds</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 1,399,948	\$ 724,012	\$ 2,123,960
Plan members	103,928	-	103,928
Total contributions	<u>1,503,876</u>	<u>724,012</u>	<u>2,227,888</u>
Investment earnings:			
Net change in the fair value of investments	1,345,659	1,155,407	2,501,066
Interest and dividends	429,643	156,774	586,417
Total investment earnings	<u>1,775,302</u>	<u>1,312,181</u>	<u>3,087,483</u>
Less investment fee expense	106,849	64,183	171,032
Total investment earnings, net	<u>1,668,453</u>	<u>1,247,998</u>	<u>2,916,451</u>
Total additions	<u>3,172,329</u>	<u>1,972,010</u>	<u>5,144,339</u>
<b>DEDUCTIONS</b>			
Benefit payments	1,439,016	795,309	2,234,325
Administrative expenses	29,526	19,998	49,524
Total deductions	<u>1,468,542</u>	<u>815,307</u>	<u>2,283,849</u>
Change in net position	1,703,787	1,156,703	2,860,490
Net position - beginning	<u>20,255,877</u>	<u>14,175,636</u>	<u>34,431,513</u>
Net position - ending	<u>\$ 21,959,664</u>	<u>\$ 15,332,339</u>	<u>\$ 37,292,003</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF WOLCOTT, CONNECTICUT**  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 JUNE 30, 2018

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	<b>Student Activity Fund</b>	<b>Performance Bond Fund</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 170,399	\$ 256,976	\$ 427,375
Total assets	\$ 170,399	\$ 256,976	\$ 427,375
<b>LIABILITIES</b>			
Due to student groups	\$ 170,399	\$ -	\$ 170,399
Due to others	-	256,976	256,976
Total liabilities	\$ 170,399	\$ 256,976	\$ 427,375

*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, 2018

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2018</u>
<b>Student Activity Fund</b>				
Assets				
Cash and cash equivalents:				
Alcott Elementary School	\$ 5,026	\$ 19,113	\$ 18,991	\$ 5,148
Frisbie Elementary School	10,408	30,122	31,731	8,799
Wakelee Elementary School	4,958	25,367	21,893	8,432
Tyrrell Middle School	39,149	234,280	227,239	46,190
Wolcott High School	106,302	334,920	339,392	101,830
Total assets	<u>\$ 165,843</u>	<u>\$ 643,802</u>	<u>\$ 639,246</u>	<u>\$ 170,399</u>
Liabilities				
Due to student groups	<u>\$ 165,843</u>	<u>\$ 643,802</u>	<u>\$ 639,246</u>	<u>\$ 170,399</u>
Total liabilities	<u>\$ 165,843</u>	<u>\$ 643,802</u>	<u>\$ 639,246</u>	<u>\$ 170,399</u>
<b>Performance Bond Fund</b>				
Assets				
Cash and cash equivalents	<u>\$ 332,479</u>	<u>\$ 84,317</u>	<u>\$ 159,820</u>	<u>\$ 256,976</u>
Total assets	<u>\$ 332,479</u>	<u>\$ 84,317</u>	<u>\$ 159,820</u>	<u>\$ 256,976</u>
Liabilities				
Due to others	<u>\$ 332,479</u>	<u>\$ 84,317</u>	<u>\$ 159,820</u>	<u>\$ 256,976</u>
Total liabilities	<u>\$ 332,479</u>	<u>\$ 84,317</u>	<u>\$ 159,820</u>	<u>\$ 256,976</u>
<b>Total All Agency Funds</b>				
Assets				
Cash and cash equivalents	<u>\$ 498,322</u>	<u>\$ 728,119</u>	<u>\$ 799,066</u>	<u>\$ 427,375</u>
Total assets	<u>\$ 498,322</u>	<u>\$ 728,119</u>	<u>\$ 799,066</u>	<u>\$ 427,375</u>
Liabilities				
Due to student groups	<u>\$ 165,843</u>	<u>\$ 643,802</u>	<u>\$ 639,246</u>	<u>\$ 170,399</u>
Due to others	<u>332,479</u>	<u>84,317</u>	<u>159,820</u>	<u>256,976</u>
Total liabilities	<u>\$ 498,322</u>	<u>\$ 728,119</u>	<u>\$ 799,066</u>	<u>\$ 427,375</u>

*See accompanying Independent Auditor's Report.*