

**TOWN OF WOODSTOCK, CONNECTICUT**

**FINANCIAL STATEMENTS**

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

**TOWN OF WOODSTOCK, CONNECTICUT**  
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AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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## **Independent Auditor's Report**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Finance  
Town of Woodstock, 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 Woodstock, Connecticut (the "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Woodstock, Connecticut, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the information on pages 63 through 72 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 73 through 88 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 23, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants  
Glastonbury, Connecticut  
December 23, 2020

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## **Management's Discussion and Analysis**

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

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As management of the Town of Woodstock, Connecticut (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$37,457,257 (net position). Of this amount, \$5,444,862 represents the portion of the Town's unrestricted net position.
- The Town's total net position decreased by \$1,079,367 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,007,243, a decrease of \$1,079,085 in comparison with the prior year. Approximately 47.4% or \$6,640,658 of this total amount is available for spending at the Town's discretion (committed, assigned, and unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,421,474 or 13.88% of the Town's total General Fund expenditure appropriations for fiscal year 2021. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.67 months of General Fund appropriations.
- The Town's total capital assets increased by \$268,244 or 1% during the current year.
- The Town's total long-term debt decreased by \$165,471 or 4.5%, from \$3,671,344 as of June 30, 2019 to \$3,505,873 as of June 30, 2020.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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



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

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

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

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 distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town has no business type activities. The governmental activities of the Town include general government, public safety, public works, health and welfare, recreation, and education.

The government-wide financial statements can be found on pages 14 and 15 of this report.

**Fund Financial Statements**

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

***Governmental Funds***

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

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

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

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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 and the Herbert W. Bowen Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16 through 20 of this report.

***Proprietary Funds***

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

The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

***Fiduciary Funds***

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

The basic fiduciary fund financial statements can be found on pages 24 and 25 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 62 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than management's discussion and analysis that can be found on pages 63 through 72 of this report. Combining and individual fund statements and schedules, which can be found on pages 73 through 88 of this report.

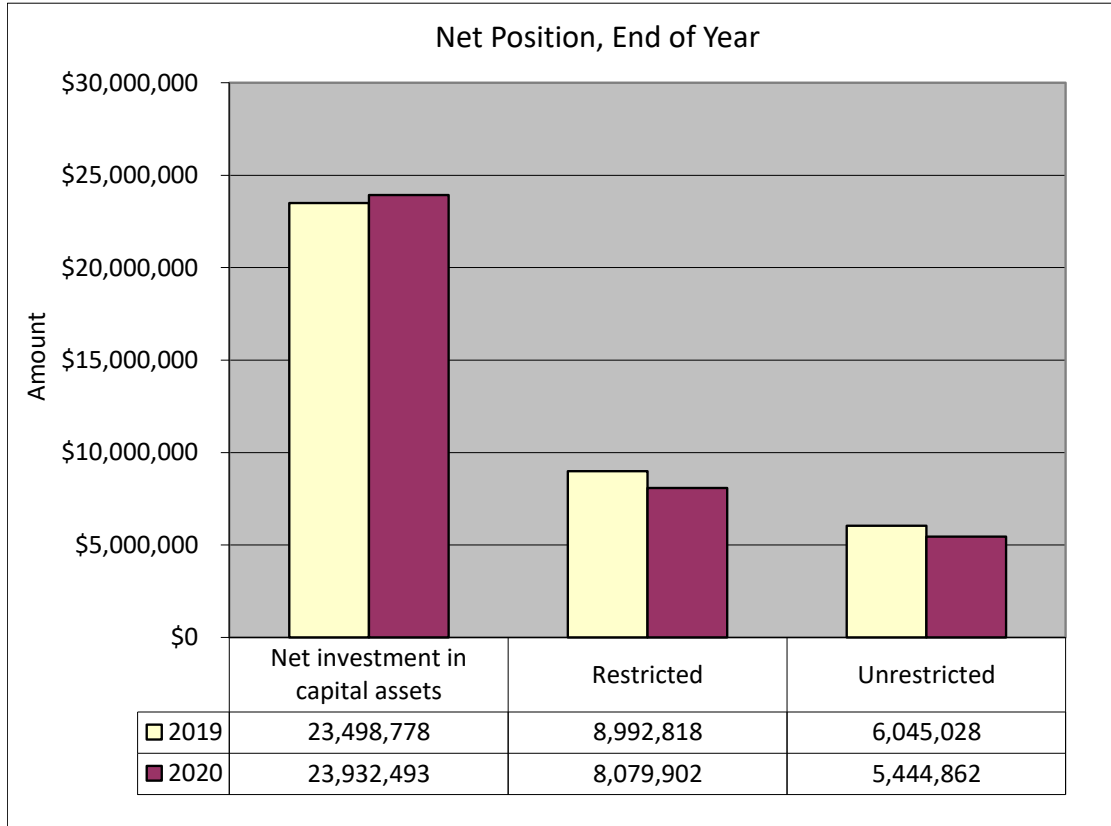
**TOWN OF WOODSTOCK, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$37,457,257 as of June 30, 2020 and \$38,536,624 as of June 30, 2019, and is summarized as follows:

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 16,107,832	\$ 17,632,125	\$ (1,524,293)	-8.6%
Capital assets, net	27,438,366	27,170,122	268,244	1.0%
Total assets	<u>43,546,198</u>	<u>44,802,247</u>	<u>(1,256,049)</u>	-2.8%
Deferred outflows of resources	<u>1,274,551</u>	<u>1,553,799</u>	<u>(279,248)</u>	-18.0%
Long-term liabilities	6,384,407	7,007,876	(623,469)	-8.9%
Other liabilities	<u>507,131</u>	<u>696,653</u>	<u>(189,522)</u>	-27.2%
Total liabilities	<u>6,891,538</u>	<u>7,704,529</u>	<u>(812,991)</u>	-10.6%
Deferred inflows of resources	<u>471,954</u>	<u>114,893</u>	<u>357,061</u>	310.8%
Net position:				
Net investment in capital assets	23,932,493	23,498,778	433,715	1.8%
Restricted	8,079,902	8,992,818	(912,916)	-10.2%
Unrestricted	<u>5,444,862</u>	<u>6,045,028</u>	<u>(600,166)</u>	-9.9%
Total net position	<u>\$ 37,457,257</u>	<u>\$ 38,536,624</u>	<u>\$ (1,079,367)</u>	-2.8%



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

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

**Net Position (Continued)**

Of the Town's net position, 63.9% 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.

Approximately 21.6% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

**Changes in Net Position**

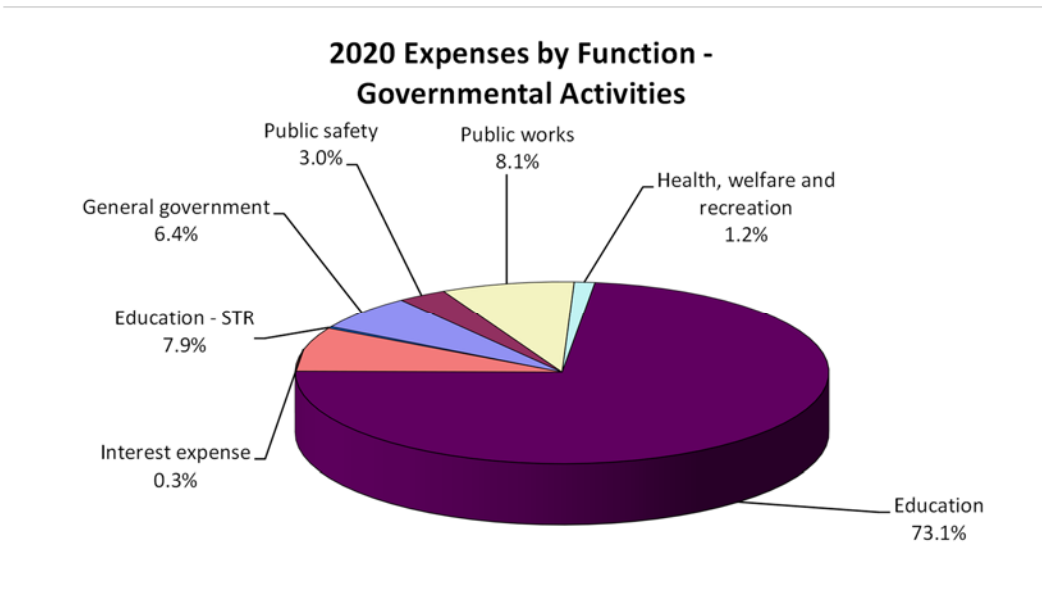
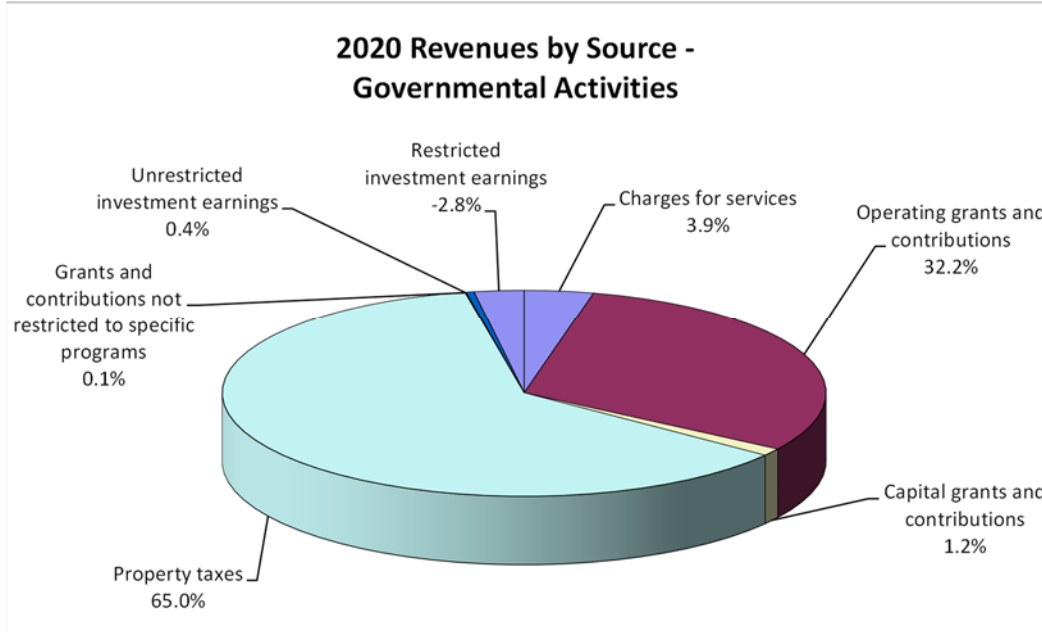
Changes in net position for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Program revenues:				
Charges for services	\$ 1,081,955	\$ 1,048,555	\$ 33,400	3.2%
Operating grants and contributions	8,927,645	7,466,234	1,461,411	19.6%
Capital grants and contributions	338,473	302,582	35,891	11.9%
General revenues:				
Property taxes	18,029,370	17,867,192	162,178	0.9%
Grants and contributions not restricted to specific programs	16,684	24,650	(7,966)	-32.3%
Unrestricted investment earnings	123,910	158,418	(34,508)	-21.8%
Restricted investment earnings	(781,539)	211,643	(993,182)	-469.3%
Total revenues	<u>27,736,498</u>	<u>27,079,274</u>	<u>657,224</u>	2.4%
Program expenses:				
General government	1,830,106	1,718,189	111,917	6.5%
Public safety	858,824	860,263	(1,439)	-0.2%
Public works	2,323,471	2,314,191	9,280	0.4%
Health, welfare and recreation	359,051	404,163	(45,112)	-11.2%
Education	21,090,470	20,093,237	997,233	5.0%
Education - State Teachers' Retirement	2,264,054	718,050	1,546,004	215.3%
Interest expense	89,889	97,290	(7,401)	-7.6%
Total expenses	<u>28,815,865</u>	<u>26,205,383</u>	<u>2,610,482</u>	10.0%
Change in net position	<u>\$ (1,079,367)</u>	<u>\$ 873,891</u>	<u>\$ (1,953,258)</u>	-223.5%

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

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

**Changes in Net Position (Continued)**



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

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

**Changes in Net Position *(Continued)***

Governmental activities decreased the Town's net position by \$1,079,367.

Revenues generated by the Town increased by \$657,224 or 2.4% in comparison to the prior year. This increase was primarily due to the following:

- an increase in operating grants and contributions of approximately \$1.5 million driven by an increase in the amount of on-behalf pension and OPEB expenses recognized by the Town for its participation in the Connecticut Teachers' Retirement System, offset by
- a decrease in restricted investment earnings of approximately \$993 thousand driven by unrealized losses on investments maintained in the Herbert W. Bowen Fund.

Expenses increased by approximately \$2,610,482 or 10.0% in comparison to the prior year. This increase is primarily due an increase in the amount of pension and OPEB expense recognized by the State of Connecticut in connection with the Town's participation in the Connecticut State Teachers' Retirement System and an overall increase in education expenditures.

**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 \$14,007,243, a decrease of \$1,079,085 in comparison with the prior year. Of this amount, \$3,421,474 represents the total unassigned fund balance of the Town.

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,421,474, while total fund balance was \$4,580,678. 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 12.91% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.6 months of General Fund operating expenditures. The Town's adopted policy states that in the event the unassigned fund balance of the General Fund is greater than 15.0% at the end of any fiscal year, the excess may be used in one or a combination of the following ways: transfer such excess to the Debt Service Fund for future debt payments, transfer such excess to the Capital or Nonrecurring Fund for future capital projects, or use directly to reduce the tax rate in the subsequent year provided that care is taken to avoid major fluctuation in the tax rate in succeeding years.

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

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

**General Fund *(Continued)***

The fund balance of the Town's General Fund decreased by \$93,486 during the current fiscal year, which was primarily due to favorable current year operating budgetary results, offset by transfers out to fund the Town's Capital and Nonrecurring Fund.

**Herbert W. Bowen Fund**

The fund balance of the Herbert W. Bowen Fund decreased by \$781,819 during the current fiscal year. This decrease related directly to current year loss on investments. The common stock bequest, made by Herbert W. Bowen upon his death in 1927, requires the annual income of the investment to be restricted in use to purchase additional shares of the common stock given, for the term of one hundred years. At the end of this period, annual income generated from the investment is to be used to reduce the taxes of the Town.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original operating budget for the General Fund planned for the use of fund balance in the amount of \$735,532. No additional appropriations were approved during the year.

The actual net change in the fund balance of the General Fund on a budgetary basis was a decrease of \$93,486. Revenues exceeded budgetary estimates by \$636,067, primarily as a result of favorable variances in tax collections and State aid for education. Expenditures were \$431,423 less than budgeted. Of this amount, \$425,444 related to non-educational expenditures and was subsequently authorized to be transferred to the Town's Capital and Nonrecurring Fund.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2020 totaled \$27,438,366 (net of accumulated depreciation). This investment in capital assets includes land and land rights, construction in progress, buildings and improvements, land improvements, machinery and equipment, and infrastructure. The Town's investment in capital assets increased by \$268,244 or 1.0%.

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

- current year depreciation expense totaling \$883,980;
- an increase in infrastructure of \$342 thousand related to road improvements;
- an increase in machinery and equipment of \$489 thousand for expenses incurred relating to the execution of a Board of Education lease for technology equipment and various new Town equipment;
- an increase to construction in progress of \$662 thousand for expenses incurred relating to various road and bridge improvement projects.

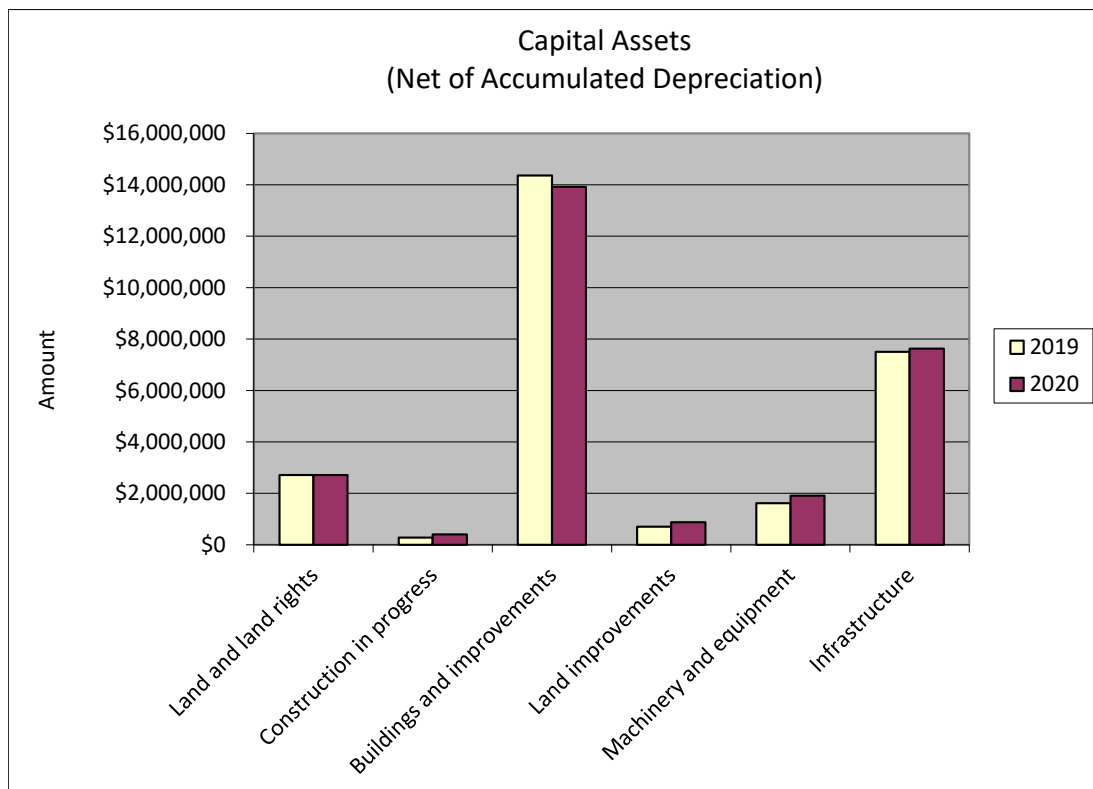
**TOWN OF WOODSTOCK, CONNECTICUT**  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Capital Assets *(Continued)***

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

	<b>2020</b>	<b>2019</b>	<b>\$ Change</b>	<b>% Change</b>
Land and land rights	\$ 2,709,268	\$ 2,709,268	\$ -	0.0%
Construction in progress	403,377	277,738	125,639	45.2%
Buildings and improvements	13,915,876	14,353,002	(437,126)	-3.0%
Land improvements	876,400	707,802	168,598	23.8%
Machinery and equipment	1,905,581	1,622,823	282,758	17.4%
Infrastructure	7,627,864	7,499,489	128,375	1.7%
<b>Totals</b>	<b>\$ 27,438,366</b>	<b>\$ 27,170,122</b>	<b>\$ 268,244</b>	<b>1.0%</b>



Additional information on the Town's capital assets can be found in Note 5 of this report.

**Long-term Debt**

At the end of the current fiscal year, the Town had total debt outstanding of \$3,505,873, all of which is backed by the full faith and credit of the government. The Town's total debt decreased by \$165,471 or 4.5% during the current fiscal year due to an increase in Board of Education capital lease obligations, offset by scheduled debt service payments.

The Town's general obligation bond rating was rated Aa3 by Moody's in May 2020.



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

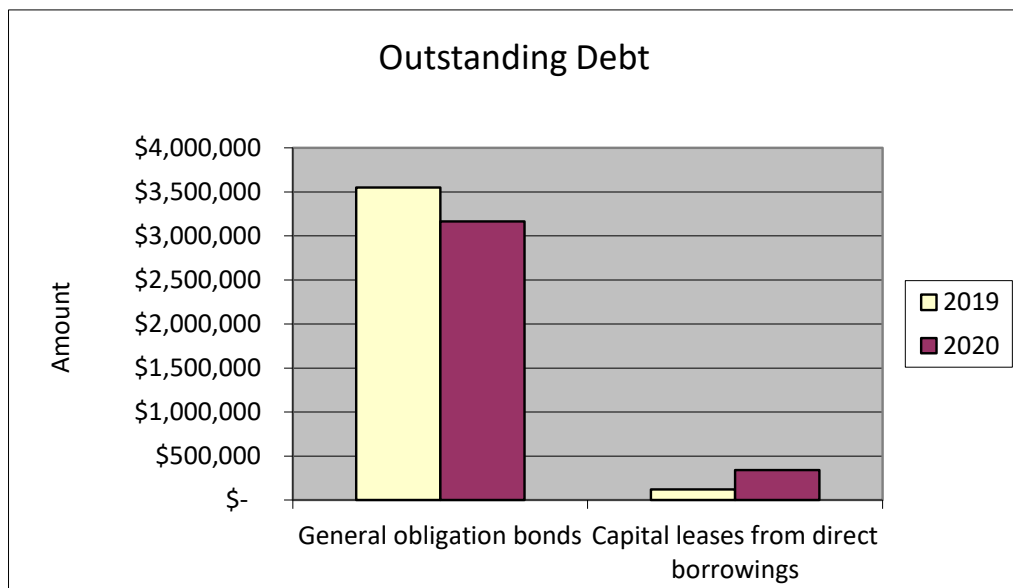
**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Long-term Debt (Continued)**

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 \$128,877,896, which is significantly in excess of the Town's outstanding general obligation debt.

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

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds	\$ 3,166,450	\$ 3,552,100	\$ (385,650)	-10.9%
Capital leases from direct borrowings	339,423	119,244	220,179	184.6%
Totals	<u>\$ 3,505,873</u>	<u>\$ 3,671,344</u>	<u>\$ (165,471)</u>	-4.5%



Additional information on the Town's debt can be found in Notes 8 and 9 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 Town has an ordinance limiting the increase in the Town's combined annual expenditure budget to the increases in the Town's grand list, State and Federal assistance, and other income. The limit on expenditure increases does not apply to increases necessary to cover debt services, court judgments, State mandated programs and emergency expenditures. In revaluation years, the dollar amount of the combined annual expenditure budget is limited to the dollar increase of the preceding year's budget or the average amount of increase of the preceding three years, whichever is less.

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

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

- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
  - The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive. The Town's budget for such grants were based on estimates from the State.
  - For purposes of calculating property tax revenues for fiscal year 2021, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
  - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.
- In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

All of these factors were considered in preparing the Town's budget for fiscal year 2021. The Town's fiscal year 2021 General Fund budget was adopted by the Town in accordance with the Governor's executive orders on May 5, 2020. The fiscal year 2021 budget includes the use of fund balance in the amount of \$1,159,204 and included no change in the Town's mill rate over the fiscal year 2020 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 Treasurer, Town of Woodstock, 415 Route 169, Woodstock, Connecticut 06281.

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## **Basic Financial Statements**

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**TOWN OF WOODSTOCK, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,530,553
Investments	501,280
Receivables:	
Property taxes and interest, net	409,942
Sewer usage and assessments, net	253,233
Grants and contracts	416,753
Other	21,275
Inventories	9,714
Restricted assets - investments	5,419,589
Contracts receivables, long-term portion	628,800
Loans receivable, long-term portion	916,693
Capital assets:	
Non-depreciable	3,112,645
Depreciable, net	24,325,721
Total assets	43,546,198
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on pension expense	1,274,551
 <b>LIABILITIES</b>	
Accounts payable	365,234
Accrued liabilities	43,088
Accrued interest payable	33,578
Unearned revenue	65,231
Noncurrent liabilities:	
Due within one year	573,827
Due in more than one year	5,810,580
Total liabilities	6,891,538
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred charges on pension expense	405,989
Deferred charges on OPEB expense	65,965
Total deferred inflows of resources	471,954
 <b>NET POSITION</b>	
Net investment in capital assets	23,932,493
Restricted for:	
Endowment - nonexpendable	5,433,590
Endowment - expendable	5,814
Grant programs	1,848,914
Repayment of debt	648,450
Capital purposes	143,134
Unrestricted	5,444,862
Total net position	\$ 37,457,257

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary Government:					
Governmental activities:					
General government	\$ 1,830,106	\$ 366,150	\$ 62,831	\$ -	\$ (1,401,125)
Public safety	858,824	2,730	9,710	-	(846,384)
Public works	2,323,471	417,443	236,785	338,473	(1,330,770)
Health, welfare and recreation	359,051	110,934	21,014	-	(227,103)
Education	21,090,470	184,698	6,333,251	-	(14,572,521)
Education - State Teachers' Retirement	2,264,054	-	2,264,054	-	-
Interest expense	89,889	-	-	-	(89,889)
Total governmental activities	<u>\$ 28,815,865</u>	<u>\$ 1,081,955</u>	<u>\$ 8,927,645</u>	<u>\$ 338,473</u>	<u>(18,467,792)</u>
General revenues:					
Property taxes, payments in lieu of taxes, interest and liens					18,029,370
Grants and contributions not restricted to specific programs					16,684
Unrestricted investment earnings					123,910
Restricted investment earnings (losses)					(781,539)
Total general revenues					<u>17,388,425</u>
					Change in net position (1,079,367)
					Net position - beginning <u>38,536,624</u>
					Net position - ending <u>\$ 37,457,257</u>

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

**TOWN OF WOODSTOCK, CONNECTICUT**

BALANCE SHEET

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2020

	General Fund	Herbert W. Bowen Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,516,341	\$ 699	\$ 688,726	\$ 7,205,766
Investments	-	-	501,280	501,280
Receivables:				
Property taxes and interest, net	409,942	-	-	409,942
Sewer usage and assessments, net	-	-	253,233	253,233
Grants and contracts	9,620	-	287,483	297,103
Loans	-	-	916,693	916,693
Other	14,119	-	4,672	18,791
Due from other funds	368,601	202	2,017,852	2,386,655
Inventories	-	-	9,714	9,714
Restricted assets - investments	-	5,419,589	-	5,419,589
Total assets	\$ 7,318,623	\$ 5,420,490	\$ 4,679,653	\$ 17,418,766
<b>LIABILITIES</b>				
Accounts payable	\$ 267,829	\$ -	\$ 95,351	\$ 363,180
Accrued liabilities	43,088	-	-	43,088
Due to other funds	2,095,103	-	368,601	2,463,704
Unearned revenue	-	-	65,231	65,231
Total liabilities	2,406,020	-	529,183	2,935,203
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue:				
Property taxes and interest	331,925	-	-	331,925
Sewer usage and assessments	-	-	144,395	144,395
Total deferred inflows of resources	331,925	-	144,395	476,320
<b>FUND BALANCES</b>				
Nonspendable	-	-	22,814	22,814
Restricted	-	5,420,490	1,923,281	7,343,771
Committed	-	-	1,906,913	1,906,913
Assigned	1,159,204	-	153,067	1,312,271
Unassigned	3,421,474	-	-	3,421,474
Total fund balances	4,580,678	5,420,490	4,006,075	14,007,243
Total liabilities, deferred inflows of resources and fund balances	\$ 7,318,623	\$ 5,420,490	\$ 4,679,653	\$ 17,418,766

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

**TOWN OF WOODSTOCK, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2020**

Total fund balance for governmental funds		\$ 14,007,243
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Land and land rights	\$ 2,709,268	
Construction in progress	403,377	
Buildings and improvements	23,396,266	
Land improvements	1,329,737	
Machinery and equipment	3,949,810	
Infrastructure	10,809,967	
Accumulated depreciation	<u>(15,160,059)</u>	
Total capital assets, net		27,438,366
Long-term contract receivable from Woodstock Academy is not susceptible to accrual and is therefore not reported in the funds.		
		648,450
Some of the Town's taxes, assessments, interest and usage 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.		
		476,320
Contract receivable resulting from the transfer of certain machinery and equipment is not susceptible to accrual and is therefore not reported in the governmental funds.		
		100,000
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest payable	(33,578)	
Long-term debt:		
General obligation bonds	(3,166,450)	
Capital lease obligations	(339,423)	
Other long-term liabilities:		
Compensated absences	(129,588)	
Termination benefits	(72,000)	
Post-closure landfill costs	(39,860)	
Net pension liability	(2,370,834)	
Total OPEB liability	<u>(266,252)</u>	
Total long-term liabilities		(6,417,985)
Deferred outflows of resources resulting from changes in the components of the net pension and total OPEB liabilities are reported in the statements of net position.		
		802,597
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.		
		<u>402,266</u>
Net position of governmental activities		<u><u>\$ 37,457,257</u></u>

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

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

	<b>General Fund</b>	<b>Herbert W. Bowen Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 18,031,197	\$ -	\$ -	\$ 18,031,197
Grants and contracts	6,997,853	-	1,418,622	8,416,475
Charges for services	521,749	-	522,004	1,043,753
Other	83,847	-	164,822	248,669
Investment earnings (losses)	109,787	(781,819)	10,028	(662,004)
Total revenues	<u>25,744,433</u>	<u>(781,819)</u>	<u>2,115,476</u>	<u>27,078,090</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,739,090	-	50,323	1,789,413
Public safety	838,681	-	-	838,681
Public works	1,581,000	-	172,079	1,753,079
Health, welfare and recreation	182,028	-	139,402	321,430
Education	20,668,022	-	1,297,770	21,965,792
Capital outlays	490,940	-	972,890	1,463,830
Debt service:				
Principal payments	321,000	-	64,650	385,650
Interest and fiscal charges	90,729	-	18,756	109,485
Capital lease payments	86,517	-	104,148	190,665
Total expenditures	<u>25,998,007</u>	<u>-</u>	<u>2,820,018</u>	<u>28,818,025</u>
Excess (deficiency) of revenues over expenditures	(253,574)	(781,819)	(704,542)	(1,739,935)
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease financing	410,850	-	-	410,850
Proceeds from sale of assets	100,000	-	-	100,000
Transfers in	150,000	-	500,762	650,762
Transfers out	(500,762)	-	-	(500,762)
Total other financing sources (uses)	<u>160,088</u>	<u>-</u>	<u>500,762</u>	<u>660,850</u>
Net change in fund balances	(93,486)	(781,819)	(203,780)	(1,079,085)
Fund balances - beginning	<u>4,674,164</u>	<u>6,202,309</u>	<u>4,209,855</u>	<u>15,086,328</u>
Fund balances - ending	<u>\$ 4,580,678</u>	<u>\$ 5,420,490</u>	<u>\$ 4,006,075</u>	<u>\$ 14,007,243</u>

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



**TOWN OF WOODSTOCK, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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Net change in fund balances - total governmental funds \$ (1,079,085)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation and amortization expense exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 1,152,224	
Depreciation and amortization expense	(883,980)	
Net adjustment		268,244

Contract revenue from Woodstock Academy is not susceptible to accrual and therefore, is only reported as revenue in the governmental funds when the cash is received. In the government-wide financial statements, the cash received reduces the contract receivable recognized. (19,650)

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	(410,850)	
Principal repayments:		
General obligation bonds	385,650	
Capital lease obligations	190,671	
Net adjustment		165,471

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of revenue in governmental funds. This amount represents the change in unavailable revenues. 3,999

*(Continued)*

**TOWN OF WOODSTOCK, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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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. This amount represents the effect of such items.

Accrued interest	\$	1,217	
Contract payable		27,233	
Compensated absences		(15,856)	
Termination benefits		(48,000)	
Post-closure landfill costs		9,000	
Net pension liability		449,490	
Total OPEB liability		36,131	
	\$		459,215

Deferred inflows and outflows of resources resulting from changes in the components of the net pension and total OPEB liabilities are amortized as components of pension and OPEB expenses in the statement of activities. (636,309)

Revenues related to a lease receivable resulting from the transfer of certain machinery and equipment is not susceptible to accrual and, therefore, is only reported as revenue in the governmental funds when the cash is received by the Town. In the government-wide financial statements, the revenues are recorded when earned. (100,000)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of a certain internal service fund is reported with governmental activities. (141,252)

Change in net position of governmental activities \$ (1,079,367)  
*(Concluded)*

**TOWN OF WOODSTOCK, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**AS OF JUNE 30, 2020**

	<b>Governmental Activities</b>			<b>Total</b>
	<b>Town Employees' Benefits Fund</b>	<b>Board of Education Employees' Benefits Fund</b>	<b>Fuel Depot Fund</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 324,787	\$ -	\$ 324,787
Receivables	-	-	2,484	2,484
Due from other funds	56,089	-	20,960	77,049
Total assets	<u>56,089</u>	<u>324,787</u>	<u>23,444</u>	<u>404,320</u>
<b>LIABILITIES</b>				
Payables	-	-	2,054	2,054
Total liabilities	<u>-</u>	<u>-</u>	<u>2,054</u>	<u>2,054</u>
<b>NET POSITION</b>				
Unrestricted	<u>\$ 56,089</u>	<u>\$ 324,787</u>	<u>\$ 21,390</u>	<u>\$ 402,266</u>

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

**TOWN OF WOODSTOCK, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Governmental Activities</b>			<b>Total</b>
	<b>Town Employees' Benefits Fund</b>	<b>Board of Education Employees' Benefits Fund</b>	<b>Fuel Depot Fund</b>	
<b>OPERATING REVENUES</b>				
Charges to other funds	\$ -	\$ -	\$ 99,557	\$ 99,557
Total operating revenues	-	-	99,557	99,557
<b>OPERATING EXPENSES</b>				
Fuel	-	-	93,428	93,428
Other	-	-	1,755	1,755
Total operating expenses	-	-	95,183	95,183
Operating income	-	-	4,374	4,374
<b>NON-OPERATING INCOME</b>				
Interest income	-	4,374	-	4,374
Total non-operating income	-	4,374	-	4,374
Change in net position before transfers	-	4,374	4,374	8,748
<b>TRANSFERS OUT</b>	-	(150,000)	-	(150,000)
Change in net position	-	(145,626)	4,374	(141,252)
Net position - beginning	56,089	470,413	17,016	543,518
Net position - ending	\$ 56,089	\$ 324,787	\$ 21,390	\$ 402,266

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

**TOWN OF WOODSTOCK, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Governmental Activities</b>			<b>Total</b>
	<b>Town</b>	<b>Board of Education</b>		
	<b>Employees'</b>	<b>Employees'</b>		
	<b>Benefits</b>	<b>Benefits</b>	<b>Fuel Depot</b>	
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from the following:				
Charges to other funds	\$ -	\$ -	\$ 105,836	\$ 105,836
Cash paid for the following:				
Fuel and other related purchases	-	-	(93,130)	(93,130)
Net cash provided by (used in) operating activities	-	-	12,706	12,706
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund activity	-	(150,000)	(12,706)	(162,706)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	-	4,374	-	4,374
Net decrease in cash and cash equivalents	-	(145,626)	-	(145,626)
Cash and cash equivalents, beginning of year	-	470,413	-	470,413
Cash and cash equivalents, end of year	\$ -	\$ 324,787	\$ -	\$ 324,787
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ -	\$ -	\$ 4,374	\$ 4,374
Changes in assets and liabilities:				
Decrease in receivables	-	-	6,279	6,279
increase in payables	-	-	2,053	2,053
Net cash provided by operating activities	\$ -	\$ -	\$ 12,706	\$ 12,706

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

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

	<b>Private Purpose Trust Fund - Scholarship Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 123,125
Investments, at fair value:		
Mutual funds	53,765	-
Other assets	-	21,326
Total assets	<u>53,765</u>	<u>\$ 144,451</u>
<b>LIABILITIES</b>		
Accounts payable	-	\$ 7,617
Due to student groups	-	10,711
Due to others	-	126,123
Total liabilities	<u>-</u>	<u>\$ 144,451</u>
<b>NET POSITION</b>		
Restricted for other purposes	<u>\$ 53,765</u>	

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

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

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	<b>Private Purpose Trust Fund - Scholarship Fund</b>
<b>ADDITIONS</b>	
Investment earnings:	
Net change in the fair value of investments	\$ 5,824
Interest and dividends	807
Total investment earnings	6,631
Change in net position	6,631
Net position - beginning	47,134
Net position - ending	\$ 53,765

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

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

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

The accounting policies of the Town of Woodstock, 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 was incorporated as Woodstock in 1749 under the provisions of the Connecticut General Statutes. The Town operates under the Board of Selectmen, Town Meeting and Board of Finance form of government and provides the following services: public safety, public works, health, welfare and recreation, education, and general administrative services.

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

The basic financial statements of the reporting entity include only the funds of the Town as no component units exist based on operational or financial relationships with the Town.

**Related Organizations**

The Town is a member of the Northeastern Connecticut Council of Governments (the "Council"), which provides certain member initiated regional programs and services. The Town's First Selectman serves on the Council's Board of Directors. The Council issues publicly available financial reports.

The Town, in a joint venture with the Town of Eastford, Connecticut, has created the Crystal Pond Park Commission to oversee and maintain the Crystal Pond Park. The Commission consists of four registered voters from each Town, as appointed by their respective Boards of Selectmen. The Commission adopts an annual operating budget. Each Town's Board of Selectmen include \$900 in their budget to offset expenses. The Town provides accounting services for the Commission, and as such, includes the Commission's financial activities as a nonmajor special revenue fund.

**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.



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

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

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

**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.

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.

**Herbert W. Bowen Fund** - This fund is used to account for an endowment and related earnings, which will be used to support the Town's operations. The common stock bequest, made by Herbert W. Bowen upon his death in 1927, requires the annual income of the investment to be restricted in use to purchase additional shares of the common stock given, for the term of one hundred years. At the end of this period, annual income generated from the investment is to be used to reduce the taxes of the Town.

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

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

**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 Scholarship 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, the employee medical fund, and the land review and performance bond fund. The student activities fund accounts for monies generated by student activities in the Town's school system. The land review and performance bond fund accounts for monies received to ensure that construction is completed 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 WOODSTOCK, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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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. 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease 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 private purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

**Implementation of New Accounting Standards**

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

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

**Cash and Cash Equivalents**

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

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

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

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

**Investments**

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in certain external investment pools as described below.

Investments in certain external investment pools consist of 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.

The Herbert W. Bowen Fund is restricted to expenditures of the investment income only for the donor-designated purpose. As such, related investment accounts have been presented as restricted investments in both the statement of net position and the governmental funds balance sheet.

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

**Inventories**

Inventories are reported at the lower of cost or net realizable value 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**

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 \$96,000 as of June 30, 2020.

Upon completion of projects, sewer assessments are levied and assessed to the users semi-annually. Sewer assessment charges are billed semi-annually on March and September 1. Sewer usage charges are billed semi-annually in July and January. 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 sewer assessments and usage of \$10,300 as of June 30, 2020.

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

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

**Assets, Liabilities, Deferred Outflows and 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 notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2020, loans receivable totaled \$916,693 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. Donated capital assets are recorded at acquisition value at the date of donation. All other assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Intangible assets lack physical substance, are nonfinancial in nature and have a useful life that extends beyond a single reporting period. Intangible assets with no legal, contractual, or regulatory factors limiting their useful life are considered to have an indefinite useful life. 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 are defined by the Town as assets with an initial individual cost and estimated useful life as follows:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land and land rights	N/A	\$ 20,000
Construction in progress	N/A	20,000
Building and systems	50 – 75	20,000
Land improvements	75	20,000
Machinery and equipment:		
Vehicles	10 – 20	5,000
Furniture and equipment	5 – 50	5,000
Infrastructure	50 – 75	100,000

**Unearned Revenue**

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

**Deferred Outflows and Inflows of Resources**

Deferred outflows and inflows of resources represent an acquisition or consumption 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 pension expense reported in the government-wide statement of net position. Deferred charges on pension expense resulted from changes in the components of the Town's net pension liability and are being amortized as a component of pension expense on a systematic and rational basis.

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

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

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

**Deferred Outflows and Inflows of Resources *(Continued)***

Deferred inflows of resources consist of revenue that is considered unavailable reported in the governmental funds balance sheet and deferred charges on pension and OPEB expenses reported in the government-wide statement of net position. Unavailable revenue is recognized as inflows 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 expenses on a systematic and rational basis.

**Compensated Absences and Termination Benefits**

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.

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

**Long-term Obligations**

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

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

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

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

**Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(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 (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 the Board of Finance.

**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.

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

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

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

**Fund balance Flow Assumption *(Continued)***

It is the Town's policy that when an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts are available, the fund balance is to be spent in the following order: committed, assigned, and then unassigned. In addition, the Town's adopted policy states that the Board of Finance shall propose annual budgets that provide for an unassigned General Fund balance of not less than 10.0% or more than 15.0% of the total operating General Fund expenditures. As of June 30, 2020, unassigned fund balance represented 12.91% of total General Fund expenditures.

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables**

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

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

**Interfund Services Provided and Used**

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

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

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**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy provides for uninsured demand and time deposits with banks and savings and loan institutions to be collateralized as prescribed in the Connecticut general statutes, as described below.

In addition, in order to anticipate market changes and provide for a level of security for all funds, all public deposits shall be held in qualified public depositories. As of June 30, 2020, \$5,268,126 of the Town's bank balance of \$6,077,637 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,741,313
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	526,813
	\$ 5,268,126

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.

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

Government-wide statement of net position:	
Cash and cash equivalents	\$ 7,530,553
Statement of fiduciary net position:	
Cash and cash equivalents	123,125
	7,653,678
Add: certificates of deposit considered cash deposits for disclosure purposes	501,280
Less: cash equivalents considered investments for disclosure purposes	(2,533,099)
	\$ 5,621,859



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

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

**Investments**

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

Government-wide statement of net position:		
Investments	\$	501,280
Restricted assets - investments		5,419,589
Statement of fiduciary net position:		
Investments		53,765
		5,974,634
Add: cash equivalents considered investments for disclosure purposes		2,533,099
Less: certificates of deposit considered cash deposits for disclosure purposes		(501,280)
		\$ 8,006,453

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

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years) Less Than 1
<b>Debt Securities:</b>				
<i>Governmental activities:</i>				
Short-term Investment Fund (STIF)	Net asset value	AAA	\$ 2,533,099	\$ 2,533,099
<b>Other Investments:</b>				
<i>Governmental activities:</i>				
Equity securities	Fair value		5,419,589	
<i>Fiduciary Funds:</i>				
Mutual funds	Fair value		53,765	
			\$ 8,006,453	

Because investments in the Short-term Investment Fund 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**

The Town does not have a formal investment policy that limits Town investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Generally, the Town does not invest in any long-term investment obligations.

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

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

**Investments *(Continued)***

**Credit Risk**

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut general statutes. 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.

**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 investments consist primarily of investments in pooled fixed income accounts and equity securities, and are therefore not exposed to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

**Concentrations of Credit Risk**

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2020, more than 10% of the Town's governmental activities investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of Total Investments</u>
JP Morgan Chase & Co.	Equity Securities	\$ 4,281,404	53.5%
State of Connecticut	Short-term Investment Fund	2,533,099	31.6%
The Bank of New York Mellon Corporation	Equity Securities	1,138,185	14.2%

As of June 30, 2020, more than 10% of the Town's fiduciary investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of Fiduciary Investments</u>
Vanguard Voyager Select Services	Total Stock Market Index Fund Admiral Shares	\$ 21,677	40.3%
Vanguard Voyager Select Services	Growth Index Fund Admiral Shares	23,025	42.8%
Vanguard Voyager Select Services	Total Bond Market Index Fund Investor Shares	9,062	16.9%

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

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

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

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2020, by level within the fair value hierarchy are presented in the table below.

<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>	<b>Total</b>
Mutual funds	\$ 53,765	\$ -	\$ -	\$ 53,765
Equity securities	5,419,589	-	-	5,419,589
	<u>\$ 5,473,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,473,354</u>

**NOTE 4 - RECEIVABLES**

**Contracts Receivable**

In July of 2016, the Board of Education (the "Board") entered into an agreement with a contractor for purchased transportation services. The Board transferred to the Contractor all Board-owned vehicles for \$750,000, payable by the Contractor in the form of a credit against payments due to the Contractor over a five (5) year period, with \$325,000 taken in equal monthly credits from the Contractor's invoices for the months of September through June in the first year of the contract, \$125,000 taken in equal monthly credits from the Contractor's invoices for the months of September through June in the second year of the contract term, and the remainder taken in equal monthly credits from the Contractor's invoices for the months of September through June over the next three (3) years. The contract receivable consists of the following as of June 30, 2020:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>
2021	\$ 100,000
Total contract receivable	<u>\$ 100,000</u>

In addition, the Town has entered into a long-term contract with the Woodstock Academy for the reimbursement of bond principal and interest as more fully disclosed in Note 8.

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

**NOTE 5 - CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land and land rights	\$ 2,709,268	\$ -	\$ -	\$ -	\$ 2,709,268
Construction in progress	277,738	662,479	-	(536,840)	403,377
Total capital assets, not being depreciated	<u>2,987,006</u>	<u>662,479</u>	<u>-</u>	<u>(536,840)</u>	<u>3,112,645</u>
Capital assets, being depreciated:					
Buildings and improvements	23,396,266	-	-	-	23,396,266
Land improvements	1,135,481	-	-	194,256	1,329,737
Machinery and equipment	3,460,065	489,745	-	-	3,949,810
Infrastructure	10,467,383	-	-	342,584	10,809,967
Total capital assets, being depreciated	<u>38,459,195</u>	<u>489,745</u>	<u>-</u>	<u>536,840</u>	<u>39,485,780</u>
Less accumulated depreciation for:					
Buildings and improvements	9,043,264	437,126	-	-	9,480,390
Land improvements	427,679	25,658	-	-	453,337
Machinery and equipment	1,837,242	206,987	-	-	2,044,229
Infrastructure	2,967,894	214,209	-	-	3,182,103
Total accumulated depreciation	<u>14,276,079</u>	<u>883,980</u>	<u>-</u>	<u>-</u>	<u>15,160,059</u>
Total capital assets, being depreciated, net	<u>24,183,116</u>	<u>(394,235)</u>	<u>-</u>	<u>536,840</u>	<u>24,325,721</u>
Governmental activities capital assets, net	<u>\$ 27,170,122</u>	<u>\$ 268,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,438,366</u>

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

Governmental Activities:	
General government	\$ 36,847
Public safety	13,095
Public works	439,759
Health, welfare and recreation	37,621
Education	<u>356,658</u>
Total depreciation expense - governmental activities	<u>\$ 883,980</u>

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

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Nonmajor Governmental Funds	\$ 368,601
Herbert W. Bowen Fund	General Fund	202
Nonmajor Governmental Funds	General Fund	<u>2,017,852</u>
<b>Proprietary Funds</b>		
Internal Service Funds	General Fund	<u>77,049</u>
Total interfund receivables/payables		<u><u>\$ 2,463,704</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.

**NOTE 7 - INTERFUND TRANSFERS**

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Proprietary Funds	\$ 150,000
Nonmajor Governmental Funds	General Fund	<u>500,762</u>
Total transfers		<u><u>\$ 650,762</u></u>

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

**NOTE 8 - LONG-TERM DEBT**

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

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Placements:					
General obligation bonds	\$ 3,552,100	\$ -	\$ (385,650)	\$ 3,166,450	\$ 385,650
Capital leases from direct borrowings	119,244	410,850	(190,671)	339,423	117,259
	<u>\$ 3,671,344</u>	<u>\$ 410,850</u>	<u>\$ (576,321)</u>	<u>\$ 3,505,873</u>	<u>\$ 502,909</u>

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

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

Long-term debt above typically has been liquidated by the General Fund and transfers in from the WPCA Fund.

**Direct Placements - General Obligation Bonds**

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

<u>Purpose of Bonds</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>			
<b>Bonds Payable</b>			
General obligation bonds issued September 2010, original amount of \$2,415,000	8/15/2030	2.0% - 4.0%	\$ 1,475,000
General obligation refunding bonds issued September 2010, original amount of \$1,245,000	8/15/2020	2.0% - 3.0%	115,000
General obligation bonds issued July 27, 2017 original amount of \$1,160,000	7/15/2027	2.210%	928,000
General obligation sewer bonds issued June 2013, original amount of \$786,000	10/1/2053	2.75%	648,450
			<u>\$ 3,166,450</u>

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

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Direct Placements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 385,650	\$ 94,470	\$ 480,120
2022	270,650	84,908	355,558
2023	270,650	76,396	347,046
2024	270,650	67,883	338,533
2025	270,650	59,372	330,022
2026-2030	1,116,250	174,421	1,290,671
2031-2035	228,250	59,340	287,590
2036-2040	98,250	43,230	141,480
2041-2045	98,250	29,721	127,971
2046-2050	98,250	16,212	114,462
2051-2055	58,950	3,241	62,191
	<u>\$ 3,166,450</u>	<u>\$ 709,194</u>	<u>\$ 3,875,644</u>

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$128,877,896 as of June 30, 2020. The Town did not exceed any of the statutory debt limitations at June 30, 2020.

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

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

**Direct Placements - General Obligation Bonds *(Continued)***

**Authorized, Unissued Bonds**

As of June 30, 2020, the Town had authorized, but unissued bonds totaling \$2,500,000 for general purposes. Specifically, the authorization related to the issuance of bonds and notes for financing a portion of costs related to the replacement and renovation of various Town bridges.

**Contract Reimbursements**

The Town has entered into a long-term contract in connection with the general obligation sewer bonds issued in fiscal year 2013, in which Woodstock Academy is liable to reimburse the Town for bond principal and interest costs. The amount of principal and interest reimbursements for the year ended June 30, 2020 was \$19,650 and \$18,373, respectively. Additional reimbursements of principal and interest aggregating \$648,450 and \$303,150, respectively, are expected to be received through the applicable bond's maturity dates.

**Capital Leases from Direct Borrowings**

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

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

	<b>Governmental Activities</b>
Machinery and equipment	\$ 505,926
Less: accumulated amortization	(31,952)
	\$ 473,974

Amortization expense relative to leased property under capital leases totaled \$8,251 for the year ended June 30, 2020 and is included in depreciation and amortization expense disclosed in Note 5.

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

<b>Year ending</b>	<b>Governmental Activities</b>		
	<b>Direct Borrowings</b>		
	<b>June 30:</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 117,259	\$ 4,241	\$ 121,500
2022	118,790	2,710	121,500
2023	103,374	1,157	104,531
	\$ 339,423	\$ 8,108	\$ 347,531

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

**NOTE 9 - OTHER LONG-TERM LIABILITIES**

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Contract payable	\$ 27,233	\$ -	\$ (27,233)	\$ -	\$ -
Compensated absences	113,732	33,715	(17,859)	129,588	25,918
Termination benefits	24,000	72,000	(24,000)	72,000	36,000
Post-closure landfill costs	48,860	-	(9,000)	39,860	9,000
Net pension liability	2,820,324	-	(449,490)	2,370,834	-
Total OPEB liability	302,383	-	(36,131)	266,252	-
	<u>\$ 3,336,532</u>	<u>\$ 105,715</u>	<u>\$ (563,713)</u>	<u>\$ 2,878,534</u>	<u>\$ 70,918</u>

**Contract Payable**

The Town has entered into a long-term contract with the Northeastern Connecticut Council of Governments and other local Connecticut municipalities in connection with revaluation services. The initial contract totaled \$136,162, with annual required payments of \$27,233 through 2020.

**Termination Benefits**

The Town provides special termination benefits to former employees in the form of an early retirement incentive. Payments made by the Town on existing arrangements totaled \$24,000. As of June 30, 2020, the Town's liability for early retirement incentives totaled \$72,000.

Future annual payments on early retirement incentives as of June 30, 2020 are as follows:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>
2021	\$ 36,000
2022	24,000
2023	12,000
Total termination benefits	<u>\$ 72,000</u>

**Post-closure Landfill Costs**

The Town landfill has been closed. State and Federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Estimated monitoring costs for the next five years totaled \$39,860 as of June 30, 2020. These amounts are based on estimates, which are subject to change due to inflation, technology or changes in applicable laws and regulations.



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

**NOTE 10 - FUND BALANCE**

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

	General Fund	Herbert W. Bowen Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Permanent principal	\$ -	\$ -	\$ 13,100	\$ 13,100
Inventories	-	-	9,714	9,714
Restricted for:				
Donor restrictions	-	5,420,490	5,814	5,426,304
Town Aid Road program	-	-	671,186	671,186
Small Cities loan program	-	-	1,049,244	1,049,244
Cafeteria operations	-	-	6,036	6,036
Other grant programs	-	-	12,022	12,022
Capital purposes	-	-	143,134	143,134
Record restoration	-	-	35,845	35,845
Committed for:				
WPCA operations	-	-	201,781	201,781
Capital purposes	-	-	1,605,784	1,605,784
General government	-	-	18,846	18,846
Health, welfare, recreation	-	-	75,915	75,915
Education	-	-	4,587	4,587
Assigned to:				
Subsequent year's budget	1,159,204	-	-	1,159,204
Capital purposes	-	-	153,067	153,067
Unassigned	3,421,474	-	-	3,421,474
	<u>\$ 4,580,678</u>	<u>\$ 5,420,490</u>	<u>\$ 4,006,075</u>	<u>\$ 14,007,243</u>

**NOTE 11 - EMPLOYEE RETIREMENT PLANS**

**Connecticut Municipal Employees' Retirement System**

The Town participates in the Connecticut's Municipal Employees' Retirement System (CMERS). CMERS is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut Statute Title 7, Chapter 113. Chapter 113, Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions.

Municipalities may designate which departments are to be covered under the CMERS. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

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

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Municipal Employees' Retirement System *(Continued)***

**Plan Description**

*Plan administration* - CMERS is a multiemployer pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of the CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

*Plan membership* - All full-time employees of the Town, except for certified Board of Education personnel who are eligible for the State Teachers' Retirement System, who are age 55 or younger at the date of hire, participate in the CMERS plan for general employees with social security.

*Benefits provided* - General employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active non-continuous service. Employees under the age of 55 are eligible to retire with 25 years of service. Police are eligible at the compulsory retirement age for police and fire members are eligible at the age of 65.

For members not covered by social security, the benefit is 2% of average final compensation times years of service. For members covered by social security, the benefit is 1.5% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

Employees are eligible for early retirement after 5 years of active continuous or 15 years of active non-continuous service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability. The plan also offers a pre-retirement death benefit in the form of a lump sum return of contributions with interest or surviving spouse benefit depending on length of service.

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

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Municipal Employees' Retirement System *(Continued)***

**Plan Description *(Continued)***

*Contributions* - The contribution requirements of plan members are established and may be amended by the State Retirement Commission. The Town is required to contribute annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions. There is also an administrative fee per active and retired member. The current rate is 13.73% of the annual Town employees' covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the CMERS for the year ended June 30, 2020 was \$241,850 and was equal to the required contributions for each year.

For employees not covered by social security, each person is required to contribute 5.50% of compensation. For employees covered by social security, each person is required to contribute 2.75% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

**Summary of Significant Accounting Policies**

*Pensions* - For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position of CMERS and additions and deletions from CMERS' net position are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

*Investment policy* - The CMERS' policy in regard to the allocation of invested assets is established and may be amended by the State Retirement Commission. It is the policy of the State to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

**Collective Net Pension Liability**

The total estimated collective net pension liability of the CMERS as of June 30, 2019 was \$1.033 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled \$2,370,834 or approximately 0.642% of the total estimated collective net pension liability. The total collective pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2019. The portion of the collective net pension liability associated with the Town was based on the 2019 actuarial (expected) payroll amounts reported by participating employers. Expected payroll adjusts actual payroll for known changes in the status of employees, annualized salaries for partial year employees and anticipated salary increases.

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

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Municipal Employees' Retirement System *(Continued)***

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

*Actuarial assumptions* - The total pension liability for the CMERS was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50% - 10.00%, including inflation
Long-term investment rate of return	7.00%, net of pension plan investment expense, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Target Expected Real Rate of Return</u>
Domestic Equity	20.0%	5.3%
Developed Market International	11.0%	5.1%
Emerging Market International	9.0%	7.4%
Core Fixed Income	16.0%	1.6%
Inflation Linked Bond	5.0%	1.3%
Emerging Market Debt	5.0%	2.9%
High Yield Bond	6.0%	3.4%
Real Estate	10.0%	4.7%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	3.2%
Liquidity Fund	1.0%	0.9%
	<u>100.0%</u>	

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

**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Municipal Employees' Retirement System *(Continued)***

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

*Discount rate* - The discount rate used to measure the CMERS' total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
Proportionate share of the collective net pension liability	\$ 3,378,443	\$ 2,370,834	\$ 1,522,172

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

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

For the year ended June 30, 2020, the Town recognized pension expense related to the CMERS of \$648,938. At June 30, 2020, the Town reported its proportionate share of deferred outflows and inflows of resources related to the CMERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources, net</b>
Differences between expected and actual experience	\$ 258,180	\$ (213,689)	\$ 44,491
Net difference between projected and actual earnings on pension plan investments	96,515	-	96,515
Change of assumptions	626,169	-	626,169
Contributions paid to the CMERS subsequent to the measurement date	241,850	-	241,850
Other	51,837	(192,300)	(140,463)
Total	\$ 1,274,551	\$ (405,989)	\$ 868,562

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

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Municipal Employees' Retirement System *(Continued)***

**Pension Expense and Deferred Outflows and Inflows of Resources *(Continued)***

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

Year ended June 30,	
2021	\$ 384,529
2022	263,425
2023	317,522
2024	<u>(96,914)</u>
	<u>\$ 868,562</u>

**Connecticut Teachers' Retirement System**

**Plan Description**

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

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

**Benefit Provisions**

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

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

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

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

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Benefit Provisions *(Continued)***

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

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

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

**Contributions**

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

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

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

**Administrative Expenses**

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

**Basis of Presentation**

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

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

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Basis of Presentation *(Continued)***

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

**Allocation Methodology**

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.119% as of the most recent measurement date.

**Collective Net Pension Liability**

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

Collective Net Pension Liability of the State for the TRS		<u>\$ 17,072,720,000</u>
	<b><u>Proportion</u></b>	<b><u>Proportionate Share</u></b>
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.119%	<u>\$ 20,323,000</u>

**Collective Pension Expense**

The Town's expected contribution effort for allocation purposes totaled \$1,538,237 or 0.119% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$2,495,984 or 0.119% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2020.



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

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Actuarial Assumptions**

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

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

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

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

**Long-Term Rate of Return**

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

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

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

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

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

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**Board of Education Other Post-Employment Benefits Plan**

**Plan Description**

The Town's Board of Education administers one single-employer defined benefit healthcare plan (the "Plan") to provide medical benefits to certain eligible retirees, spouses and beneficiaries. The plan provides for medical, prescription drugs and dental benefits. Benefits provisions are established by contract and may be amended by union negotiations each bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

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

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

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

**Benefits Provided**

The OPEB Plan provides for medical, prescription, dental and vision insurance benefits to eligible retirees, spouses and beneficiaries. Contribution requirements of the participants and the Town are established by and may be amended through negotiations between the Town and the union representing the employees. Currently, participants are required to contribute 100% of their healthcare and dental premiums to the Town, less any reimbursements received by the Town from the State Retirement Board. The Town pays the benefits on a pay-as-you-go basis.

**Employees Covered by Benefit Terms**

As of June 30, 2020, the measurement date, the following employees were covered by the benefit terms:

Retirees, beneficiaries, and dependents currently receiving benefits	17
Active participants	66
	83

**Total OPEB Liability**

The Town's OPEB liability reported as of June 30, 2020 totaled \$266,252. The total OPEB liability was measured as of June 30, 2020 using the Alternative Measurement Method.

*Actuarial Assumptions and Other Inputs* - The total OPEB liability as of June 30, 2020 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.37% as of June 30, 2020
Healthcare cost trend rates:	
Medical	4.90% decreasing each year, 4.30% ultimate rate
Pharmacy	5.90% decreasing each year, 4.30% ultimate rate
Dental	3.50% decreasing each year, 3.00% ultimate rate
Vision	3.00%

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 Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

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

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

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

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balance as of June 30, 2019	\$ 302,383
<b>Changes for the year:</b>	
Service cost	29,125
Interest	8,951
Changes of benefit terms	-
Changes of assumptions and differences between expected and actual experience	(74,207)
Benefit payments	-
<b>Net changes</b>	<b>(36,131)</b>
Balance as of June 30, 2020	\$ 266,252

Changes of assumptions primarily reflects a change in the discount rate from 2.70% to 2.37%.

*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 or 1-percentage-point higher than the current discount rate:

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 281,826	\$ 266,252	\$ 252,764

*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	\$ 247,052	\$ 266,252	\$ 288,743

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

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

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

**OPEB Expense and Deferred Inflows of Resources**

For the year ended June 30, 2020, the Town recognized OPEB expense of \$36,131. As of June 30, 2020, the Town reported deferred inflows of resources related to OPEB from the following source:

	<b>Deferred Inflows of Resources</b>
Changes of assumptions and differences between expected and actual experience	<u>\$ 65,965</u>

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,			
2021	\$	3,472	
2022		3,472	
2023		3,472	
2024		3,472	
2025		3,472	
Thereafter		48,605	
	<u>\$</u>	<u>65,965</u>	

**Connecticut Teachers' Retirement System**

**Plan Description**

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

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

**Benefit Provisions**

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan.

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

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

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

**Benefit Provisions *(Continued)***

Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

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

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

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

**Contributions**

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

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

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

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

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

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

**Basis of Presentation**

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

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

**Allocation Methodology**

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.119% as of the most recent measurement date.

**Collective Net OPEB Liability**

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

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,662,587,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.119%	<u>\$ 3,169,000</u>

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

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

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

**Collective OPEB Expense**

The Town's expected contribution effort for allocation purposes totaled \$42,044 or 0.119% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled a negative \$(231,930) or 0.119% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2020.

**Actuarial Assumptions**

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

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

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

**Long-Term Rate of Return**

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

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



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

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

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

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

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

**Discount Rate**

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

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

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

**NOTE 13 - RISK MANAGEMENT AND UNCERTAINTIES**

**Risk Management**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools. During the year ended June 30, 2020, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims that 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.

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.

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

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

**Risk Management *(Continued)***

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.

**Uncertainties - Pandemic**

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

On March 27, 2020, the United States Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess of \$2 trillion of relief to industries and entities throughout the country, including state and local governments. On March 28, 2020, the President of the United States approved the Governor of Connecticut's request for a disaster declaration for the State. On April 24, 2020, the United States Congress enacted legislation that provided an additional \$484 billion to replenish a small business loan program, support hospitals and expand COVID-19 testing. The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**Federal Awards and State Financial Assistance**

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

**Litigation**

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.

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

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

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

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

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

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

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

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

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

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

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

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

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

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

**NOTE 16 - SUBSEQUENT EVENTS**

In August 2020, the Town issued \$1,386,000 in general obligation refunding bonds. The bonds bear a coupon rate of 1.08% and mature in August 2030. The Town issued the bonds to refund the Town's outstanding 2010 Series A General Obligation Bonds in the amount of \$1,340,000 with a coupon rate of 4.0%.

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## Required Supplementary Information

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 17,710,374	\$ 17,710,374	\$ 18,031,197	\$ 320,823
Intergovernmental	4,990,511	4,990,511	5,191,523	201,012
Charges for services	423,400	423,400	507,760	84,360
Other	79,600	79,600	75,685	(3,915)
Interest income	76,000	76,000	109,787	33,787
Total revenues	<u>23,279,885</u>	<u>23,279,885</u>	<u>23,915,952</u>	<u>636,067</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,943,548	1,762,565	1,762,565	-
Public safety	856,258	838,681	838,681	-
Public works	1,836,507	1,661,090	1,661,090	-
Health, recreation and welfare	212,319	205,860	205,860	-
Education	18,640,501	18,640,501	18,634,522	(5,979)
Debt service	526,284	481,276	481,276	-
Total expenditures	<u>24,015,417</u>	<u>23,589,973</u>	<u>23,583,994</u>	<u>(5,979)</u>
Excess (deficiency) of revenues over expenditures	(735,532)	(310,088)	331,958	642,046
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	735,532	735,532	-	(735,532)
Transfer out to Capital Nonrecurring Fund	-	(425,444)	(425,444)	-
Total other financing sources (uses)	<u>735,532</u>	<u>310,088</u>	<u>(425,444)</u>	<u>(735,532)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (93,486)</u>	<u>\$ (93,486)</u>

*See accompanying notes to required supplementary information.*

**TOWN OF WOODSTOCK, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (UNAUDITED)**  
**LAST SIX FISCAL YEARS\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.64%	0.74%	0.51%	0.46%	0.54%	0.75%
Town's proportionate share of the net pension liability	<u>\$ 2,370,834</u>	<u>\$ 2,820,324</u>	<u>\$ 1,276,181</u>	<u>\$ 1,515,330</u>	<u>\$ 1,046,736</u>	<u>\$ 742,062</u>
Town's covered payroll	\$ 1,651,330	\$ 2,075,695	\$ 1,837,799	\$ 1,961,854	\$ 1,895,044	\$ 1,696,554
Town's proportionate share of the net pension liability as a percentage of its covered payroll	143.6%	135.9%	69.4%	77.2%	55.2%	43.7%
Plan fiduciary net position as a percentage of the total pension liability	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

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

*See accompanying notes to required supplementary information.*

**TOWN OF WOODSTOCK, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS**  
**CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (UNAUDITED)**  
**LAST SIX FISCAL YEARS\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 201,013	\$ 221,532	\$ 209,142	\$ 223,259	\$ 215,656	\$ 203,247
Contributions in relation to the contractually required contribution	<u>201,013</u>	<u>221,532</u>	<u>209,142</u>	<u>223,259</u>	<u>215,656</u>	<u>203,247</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,651,330	\$ 2,075,695	\$ 1,837,799	\$ 1,961,854	\$ 1,895,044	\$ 1,696,554
Contributions as a percentage of covered payroll	12.17%	10.67%	11.38%	11.38%	11.38%	11.98%

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

*See accompanying notes to required supplementary information.*



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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	20,323,000	15,670,000	16,804,000	17,728,000	14,473,000	13,377,000
Total	<u>\$ 20,323,000</u>	<u>\$ 15,670,000</u>	<u>\$ 16,804,000</u>	<u>\$ 17,728,000</u>	<u>\$ 14,473,000</u>	<u>\$ 13,377,000</u>
Town's covered payroll	\$ 5,225,000	\$ 5,144,000	\$ 5,326,000	\$ 5,134,000	\$ 5,380,000	\$ 5,189,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

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

*See accompanying notes to required supplementary information.*

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>			
Service cost	\$ 29,125	\$ 24,481	\$ 27,981
Interest	8,951	16,256	231,619
Changes in benefit terms	-	-	-
Changes of assumptions and differences between expected and actual experience	(74,207)	(75,122)	(112,507)
Benefit payments, including refunds	-	-	-
Net change in total OPEB liability	<u>(36,131)</u>	<u>(34,385)</u>	<u>147,093</u>
Total OPEB liability - beginning	<u>302,383</u>	<u>336,768</u>	<u>189,675</u>
Total OPEB liability - ending	<u>\$ 266,252</u>	<u>\$ 302,383</u>	<u>\$ 336,768</u>

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	<u>3,169,000</u>	<u>3,133,000</u>	<u>4,325,000</u>
Total	<u>\$ 3,169,000</u>	<u>\$ 3,133,000</u>	<u>\$ 4,325,000</u>
Town's covered payroll	\$ 5,225,000	\$ 5,144,000	\$ 5,326,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.08%	1.49%	1.79%

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

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

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

A legally adopted budget is authorized annually for the General Fund. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provisions of Connecticut General Statutes:

- The head of each department, office or agency of the Town, supported wholly or in part from Town funds, except the Board of Education, files with the Board of Selectmen a detailed estimate of the expenditures to be made and the revenues, other than property taxes, to be collected in the ensuing fiscal year.
- The Board of Selectmen presents an estimate of revenues and expenditures and justifications to the Board of Finance for all Town-supported functions. The Board of Education presents estimates of revenues and expenditures and justifications to the Board of Finance for all local education functions.
- The Board of Finance holds at least one public hearing on the proposed budget. The Board of Finance may review the budget requests with the head of each department, board, agency and commission including the Board of Education. The Board of Finance then prepares a budget to be presented at the Town's Annual Budget meeting. The Annual Budget meeting will adjourn to referendum.
- The Town has an ordinance limiting the increase in the Town's combined annual expenditure budget to the increases in the Town's grand list, State and Federal assistance, and other income. The limit on expenditure increases does not apply to increases necessary to cover debt services, court judgments, State mandated programs and emergency expenditures. In revaluation years, the dollar amount of the combined annual expenditure budget is limited to the dollar increase of the preceding year's budget or the average amount of increase of the preceding three years, whichever is less.
- Expenditures are budgeted by function, department and object. The legal level of budget control is the department level. The Board of Finance may approve additional appropriations for a department, provided such additional appropriations do not exceed \$20,000 or are not a second request for an appropriation by the asking board, commission or department. Appropriations in excess of \$20,000 must also be approved by vote of a Town Meeting.
- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on the modified accrual basis of accounting. 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 WOODSTOCK, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2020:

	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other</u> <u>Financing</u> <u>Sources (Uses)</u>	<u>Net Change in</u> <u>Fund Balance</u>
Budgetary basis	\$ 23,915,952	\$ 23,583,994	\$ (425,444)	\$ (93,486)
"On-behalf" payments - State				
Teachers Retirement Fund	1,580,371	1,580,371	-	-
Reimbursement for certain grant and other				
revenues recorded as a reduction to				
expenditures for budgetary purposes	248,110	348,110	100,000	-
Certain transfers recorded as revenues or				
expenditures for budgetary purposes	-	74,682	74,682	-
Noncash financing sources (uses) not				
recognized for budgetary purposes:				
Capital lease financing	-	410,850	410,850	-
GAAP basis	<u>\$ 25,744,433</u>	<u>\$ 25,998,007</u>	<u>\$ 160,088</u>	<u>\$ (93,486)</u>

**NOTE 2 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT MUNICIPAL EMPLOYEES' 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, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

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

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

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

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**NOTE 3 - SCHEDULE OF CONTRIBUTIONS - CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

The Town began to report the schedule of contributions and investment returns 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.

Actuarially determined contribution rates are calculated as of June 30, 2018, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Utilized**

- Actuarial cost method: Entry Age Actuarial Cost Method;
- Amortization method: Level dollar, closed;
- Remaining amortization period: 21 years;
- Asset valuation method: Smoothed market with 20% recognition of investment gains and losses;
- Inflation: 3.25%;
- Investment rate of return: 7.00%, net of investment related expenses;
- Salary increases: Varies 3.50% to 10.00%;
- Cost of living adjustments: 2.50% for those retiring on or after January 1, 2002, for retirements prior to January 1, 2002 2.50% up to age 65, 3.25% afterwards
- Social Security Wage Base: 3.00%
- Mortality: The RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB is used by General Employees for the period after retirement and for dependent beneficiaries. For disabled retirees, the RP-2014 Disabled Retiree Mortality Table projected to 2020 by Scale BB is used.

**NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE 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. Information prior to fiscal year 2015 is not available.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020, using a measurement date of June 30, 2019.

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

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

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

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

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**NOTE 5 - 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 Town measures the total OPEB liability at the end of each fiscal year using the Alternative Measurement Method.

*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.

**NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020, using a measurement date of June 30, 2019.

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

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

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

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**Combining and Individual Fund Statements and Schedules**

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**General Fund**

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

	<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 taxes	\$ 17,275,374	\$ 17,275,374	\$ 17,421,868	\$ 146,494
Motor vehicle supplement	175,000	175,000	245,444	70,444
Prior taxes	170,000	170,000	228,010	58,010
Interest and lien fees	90,000	90,000	135,875	45,875
Total property taxes	<u>17,710,374</u>	<u>17,710,374</u>	<u>18,031,197</u>	<u>320,823</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
Education equalization grant	4,891,062	4,891,062	5,073,359	182,297
In lieu of taxes	10,000	10,000	13,309	3,309
Pequot grant	5,694	5,694	5,694	-
Totally disabled tax relief	-	-	739	739
Veterans tax relief	-	-	5,194	5,194
Local capital improvement grant	83,755	83,755	83,608	(147)
Miscellaneous grants	-	-	9,620	9,620
Total intergovernmental revenues	<u>4,990,511</u>	<u>4,990,511</u>	<u>5,191,523</u>	<u>201,012</u>
<b>CHARGES FOR SERVICES</b>				
Inland wetlands permits	500	500	850	350
Planning & zoning fees	8,000	8,000	8,630	630
Building permit fees	75,000	75,000	91,002	16,002
Conveyance tax	85,000	85,000	132,243	47,243
Town clerk fees	55,000	55,000	62,880	7,880
Landfill permits	195,000	195,000	207,926	12,926
Dog licenses	2,400	2,400	1,499	(901)
Fire marshal fees	2,500	2,500	2,730	230
Total charges for services	<u>423,400</u>	<u>423,400</u>	<u>507,760</u>	<u>84,360</u>
<b>INTEREST INCOME</b>				
	<u>76,000</u>	<u>76,000</u>	<u>109,787</u>	<u>33,787</u>
<b>OTHER REVENUES</b>				
Utility grant	12,500	12,500	13,231	731
Miscellaneous receipts	31,000	31,000	23,831	(7,169)
WPCA administration fees	4,100	4,100	4,100	-
Cell tower rental	32,000	32,000	34,523	2,523
Total other revenues	<u>79,600</u>	<u>79,600</u>	<u>75,685</u>	<u>(3,915)</u>
Total revenues	<u>23,279,885</u>	<u>23,279,885</u>	<u>23,915,952</u>	<u>636,067</u>
<b>OTHER FINANCING SOURCES</b>				
Appropriation of fund balance	<u>735,532</u>	<u>735,532</u>	<u>-</u>	<u>(735,532)</u>
Total revenues and other financing sources	<u>\$ 24,015,417</u>	<u>\$ 24,015,417</u>	<u>\$ 23,915,952</u>	<u>\$ (99,465)</u>

**TOWN OF WOODSTOCK, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>GENERAL GOVERNMENT</b>				
Board of Selectmen	\$ 206,112	\$ 203,047	\$ 203,047	\$ -
Assessor	116,502	115,005	115,005	-
Tax collector	108,024	106,510	106,510	-
Finance	156,740	150,658	150,658	-
Town clerk	122,925	120,961	120,961	-
Election	28,566	21,106	21,106	-
Probate Court	8,710	8,710	8,710	-
Town counsel	30,000	29,686	29,686	-
Town hall	123,460	100,723	100,723	-
Data processing	89,777	89,507	89,507	-
Insurance and employee benefits	797,021	740,109	740,109	-
Planning and zoning commission	5,000	1,516	1,516	-
Town planner	36,625	33,326	33,326	-
Inland/Wetlands commission	2,557	1,175	1,175	-
Economic development commission	1,000	-	-	-
Contingency fund	67,000	4,520	4,520	-
Boards and commissions	43,529	36,006	36,006	-
Total general government	<u>1,943,548</u>	<u>1,762,565</u>	<u>1,762,565</u>	<u>-</u>
<b>PUBLIC SAFETY</b>				
Building department	100,821	94,159	94,159	-
Fire marshal	31,885	28,241	28,241	-
Fire protection association	492,900	492,990	492,990	-
Police protection	12,884	8,524	8,524	-
Public safety boards and commissions	217,768	214,767	214,767	-
Total public safety	<u>856,258</u>	<u>838,681</u>	<u>838,681</u>	<u>-</u>
<b>PUBLIC WORKS</b>				
Highway department	1,486,006	1,353,008	1,353,008	-
Environmental	60,000	37,633	37,633	-
Transfer station/recycling center	290,501	270,449	270,449	-
Total public works	<u>1,836,507</u>	<u>1,661,090</u>	<u>1,661,090</u>	<u>-</u>
<b>HEALTH, WELFARE AND RECREATION</b>				
	<u>212,319</u>	<u>205,860</u>	<u>205,860</u>	<u>-</u>

*(Continued)*

**TOWN OF WOODSTOCK, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>BOARD OF EDUCATION</b>				
Board of Education	\$ 18,640,501	\$ 18,640,501	\$ 18,634,522	\$ (5,979)
<b>DEBT SERVICE</b>				
Principal payments	366,000	321,000	321,000	-
Interest and fiscal charges	86,710	86,710	86,710	-
Continuing disclosure	1,000	1,000	1,000	-
Capital outlay - lease payments	72,574	72,566	72,566	-
Total debt service	<u>526,284</u>	<u>481,276</u>	<u>481,276</u>	<u>-</u>
Total expenditures	24,015,417	23,589,973	23,583,994	(5,979)
<b>OTHER FINANCING USES</b>				
Transfer out to Capital Nonrecurring Fund	-	425,444	425,444	-
Total other financing uses	<u>-</u>	<u>425,444</u>	<u>425,444</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 24,015,417</u>	<u>\$ 24,015,417</u>	<u>\$ 24,009,438</u>	<u>\$ (5,979)</u>
				<i>(Concluded)</i>

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

Grand List Year	Balance Uncollected June 30, 2019	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2020
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2018	\$ -	\$ 17,951,107	\$ 24,943	\$ 44,364	\$ 1,486	\$ 17,930,200	\$ 17,696,140	\$ 62,363	\$ 17,758,503	\$ 234,060
2017	239,394	-	910	5,292	2,851	232,161	129,415	32,392	161,807	102,746
2016	116,118	-	-	339	8,256	107,523	57,643	19,992	77,635	49,880
2015	52,436	-	-	144	8,641	43,651	23,901	14,281	38,182	19,750
2014	12,568	-	-	140	488	11,940	9,149	4,612	13,761	2,791
2013	474	-	-	-	-	474	61	1,565	1,626	413
2012	190	-	-	-	-	190	-	523	523	190
2011	-	-	-	-	-	-	-	72	72	-
2010	-	-	-	-	-	-	-	16	16	-
2009	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	51	51	-
	<u>\$ 421,180</u>	<u>\$ 17,951,107</u>	<u>\$ 25,853</u>	<u>\$ 50,279</u>	<u>\$ 21,722</u>	<u>\$ 18,326,139</u>	<u>\$ 17,916,309</u>	<u>\$ 135,867</u>	<u>\$ 18,052,176</u>	<u>\$ 409,830</u>

**TOWN OF WOODSTOCK, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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

Taxes	\$ 17,916,309
Interest and lien fees	135,867
Total	<u>18,052,176</u>

Total cash collections for the year ended  
June 30, 2020 - coterminous governments

353,019

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	5,933
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Base \$ 18,411,128

	<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	\$ 41,425,038	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	82,850,076	-	-	-
3-3/4 times base	-	-	69,041,730	-	-
3-1/4 times base	-	-	-	59,836,166	-
3 times base	-	-	-	-	55,233,384
Total debt limitation	<u>41,425,038</u>	<u>82,850,076</u>	<u>69,041,730</u>	<u>59,836,166</u>	<u>55,233,384</u>
Indebtedness:					
Bonds payable	1,475,000	1,043,000	648,450	-	-
Authorized, unissued bonds	2,500,000	-	-	-	-
Total indebtedness	<u>3,975,000</u>	<u>1,043,000</u>	<u>648,450</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 37,450,038</u></u>	<u><u>\$ 81,807,076</u></u>	<u><u>\$ 68,393,280</u></u>	<u><u>\$ 59,836,166</u></u>	<u><u>\$ 55,233,384</u></u>
Total capacity of borrowing (7 times base)	\$ 128,877,896				
Total present indebtedness	<u>5,666,450</u>				
Margin for additional borrowing	<u><u>\$ 123,211,446</u></u>				

\* Coterminous governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule discloses the portion of indebtedness of those overlapping governments that is borne by the residents and businesses of the Town. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. Overlapping governments consist of the Witches Woods Tax District, the Quasset Lake Tax District, and the Lake Bungee Tax District.

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## **Nonmajor Governmental Funds**

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

	<b>Nonmajor Special Revenue Funds</b>							
	<b>Conservation Commission Fund</b>	<b>School Cafeteria Fund</b>	<b>Quasset School Fund</b>	<b>Education Grant Fund</b>	<b>Beautification Committee Fund</b>	<b>Recreation Committee Fund</b>	<b>WPCA Fund</b>	<b>Town Aid Road Fund</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ 14,769	\$ -	\$ -	\$ -	\$ -	\$ 207,206	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables:								
Sewer usage and assessments, net	-	-	-	-	-	-	253,233	-
Grants and contracts	-	24,562	-	262,921	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Other	-	634	-	-	-	-	3,391	-
Due from other funds	2,161	-	4,587	-	1,320	66,825	-	671,186
Inventories	-	9,714	-	-	-	-	-	-
Total assets	<u>\$ 2,161</u>	<u>\$ 49,679</u>	<u>\$ 4,587</u>	<u>\$ 262,921</u>	<u>\$ 1,320</u>	<u>\$ 66,825</u>	<u>\$ 463,830</u>	<u>\$ 671,186</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,740	\$ 36,901	\$ -
Due to other funds	-	28,011	-	194,876	-	-	80,753	-
Unearned revenue	-	5,918	-	59,313	-	-	-	-
Total liabilities	<u>-</u>	<u>33,929</u>	<u>-</u>	<u>254,189</u>	<u>-</u>	<u>2,740</u>	<u>117,654</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue:								
Sewer usage and assessments	-	-	-	-	-	-	144,395	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,395</u>	<u>-</u>
<b>FUND BALANCES</b>								
Nonspendable	-	9,714	-	-	-	-	-	-
Restricted	-	6,036	-	8,732	-	-	-	671,186
Committed	2,161	-	4,587	-	1,320	64,085	201,781	-
Assigned	-	-	-	-	-	-	-	-
Total fund balances	<u>2,161</u>	<u>15,750</u>	<u>4,587</u>	<u>8,732</u>	<u>1,320</u>	<u>64,085</u>	<u>201,781</u>	<u>671,186</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,161</u>	<u>\$ 49,679</u>	<u>\$ 4,587</u>	<u>\$ 262,921</u>	<u>\$ 1,320</u>	<u>\$ 66,825</u>	<u>\$ 463,830</u>	<u>\$ 671,186</u>

*(Continued)*



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

	<b>Nonmajor Special Revenue Funds</b>						
	<b>Recycling Fund</b>	<b>Crystal Pond Park Revenue Fund</b>	<b>Arboretum Fund</b>	<b>Record Restoration Fund</b>	<b>Small Cities Fund</b>	<b>Miscellaneous Grants Fund</b>	<b>Total Special Revenue Funds</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 135,228	\$ -	\$ 357,203
Investments	-	-	-	-	-	-	-
Receivables:							
Sewer usage and assessments, net	-	-	-	-	-	-	253,233
Grants and contracts	-	-	-	-	-	-	287,483
Loans	-	-	-	-	916,693	-	916,693
Other	-	-	-	-	205	-	4,230
Due from other funds	12,810	19,572	3,353	35,845	-	3,290	820,949
Inventories	-	-	-	-	-	-	9,714
Total assets	<u>\$ 12,810</u>	<u>\$ 19,572</u>	<u>\$ 3,353</u>	<u>\$ 35,845</u>	<u>\$ 1,052,126</u>	<u>\$ 3,290</u>	<u>\$ 2,649,505</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 7,742	\$ 798	\$ -	\$ -	\$ -	\$ 48,181
Due to other funds	-	-	-	-	2,882	-	306,522
Unearned revenue	-	-	-	-	-	-	65,231
Total liabilities	<u>-</u>	<u>7,742</u>	<u>798</u>	<u>-</u>	<u>2,882</u>	<u>-</u>	<u>419,934</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue:							
Sewer usage and assessments	-	-	-	-	-	-	144,395
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,395</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	9,714
Restricted	-	-	-	35,845	1,049,244	3,290	1,774,333
Committed	12,810	11,830	2,555	-	-	-	301,129
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>12,810</u>	<u>11,830</u>	<u>2,555</u>	<u>35,845</u>	<u>1,049,244</u>	<u>3,290</u>	<u>2,085,176</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,810</u>	<u>\$ 19,572</u>	<u>\$ 3,353</u>	<u>\$ 35,845</u>	<u>\$ 1,052,126</u>	<u>\$ 3,290</u>	<u>\$ 2,649,505</u>

(Continued)

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

	<b>Nonmajor Capital Projects Funds</b>				
	<b>Open Space Fund</b>	<b>Capital Nonrecurring Fund</b>	<b>Highway Fund</b>	<b>School Roof Fund</b>	<b>Total Capital Projects Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 316,575	\$ -	\$ -	\$ 9,156	\$ 325,731
Investments	317,236	162,761	-	-	479,997
Receivables:					
Sewer usage and assessments, net	-	-	-	-	-
Grants and contracts	-	-	-	-	-
Loans	-	-	-	-	-
Other	-	-	442	-	442
Due from other funds	-	1,196,898	-	-	1,196,898
Inventories	-	-	-	-	-
Total assets	<u>\$ 633,811</u>	<u>\$ 1,359,659</u>	<u>\$ 442</u>	<u>\$ 9,156</u>	<u>\$ 2,003,068</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 46,728	\$ 442	\$ -	\$ 47,170
Due to other funds	53,913	-	-	-	53,913
Unearned revenue	-	-	-	-	-
Total liabilities	<u>53,913</u>	<u>46,728</u>	<u>442</u>	<u>-</u>	<u>101,083</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue:					
Sewer usage and assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	133,978	-	9,156	143,134
Committed	579,898	1,025,886	-	-	1,605,784
Assigned	-	153,067	-	-	153,067
Total fund balances	<u>579,898</u>	<u>1,312,931</u>	<u>-</u>	<u>9,156</u>	<u>1,901,985</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 633,811</u>	<u>\$ 1,359,659</u>	<u>\$ 442</u>	<u>\$ 9,156</u>	<u>\$ 2,003,068</u>

*(Continued)*

**TOWN OF WOODSTOCK, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Concluded)**  
**AS OF JUNE 30, 2020**

	<b>Nonmajor Permanent Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Bradford Marcy Cemetery Fund</b>	<b>Memorial Fund</b>	<b>Total Permanent Funds</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 812	\$ 4,980	\$ 5,792	\$ 688,726
Investments	21,283	-	21,283	501,280
Receivables:				
Sewer usage and assessments, net	-	-	-	253,233
Grants and contracts	-	-	-	287,483
Loans	-	-	-	916,693
Other	-	-	-	4,672
Due from other funds	-	5	5	2,017,852
Inventories	-	-	-	9,714
Total assets	<u>\$ 22,095</u>	<u>\$ 4,985</u>	<u>\$ 27,080</u>	<u>\$ 4,679,653</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 95,351
Due to other funds	8,166	-	8,166	368,601
Unearned revenue	-	-	-	65,231
Total liabilities	<u>8,166</u>	<u>-</u>	<u>8,166</u>	<u>529,183</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue:				
Sewer usage and assessments	-	-	-	144,395
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,395</u>
<b>FUND BALANCES</b>				
Nonspendable	10,100	3,000	13,100	22,814
Restricted	3,829	1,985	5,814	1,923,281
Committed	-	-	-	1,906,913
Assigned	-	-	-	153,067
Total fund balances	<u>13,929</u>	<u>4,985</u>	<u>18,914</u>	<u>4,006,075</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,095</u>	<u>\$ 4,985</u>	<u>\$ 27,080</u>	<u>\$ 4,679,653</u>

*(Concluded)*

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

	Nonmajor Special Revenue Funds							
	Conservation Commission Fund	School Cafeteria Fund	Quasset School Fund	Education Grant Fund	Beautification Committee Fund	Recreation Committee Fund	WPCA Fund	Town Aid Road Fund
<b>REVENUES</b>								
Grants and contracts	\$ -	\$ 121,823	\$ -	\$ 838,177	\$ -	\$ -	\$ -	\$ 384,355
Charges for services	-	170,709	-	-	-	39,217	234,067	-
Other	33	-	50	65,721	-	6,402	38,528	-
Interest income	-	-	-	-	-	-	3,138	-
Total revenues	<u>33</u>	<u>292,532</u>	<u>50</u>	<u>903,898</u>	<u>-</u>	<u>45,619</u>	<u>275,733</u>	<u>384,355</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	172,079	-
Health, welfare and recreation	-	-	-	-	-	67,714	-	-
Education	-	355,761	-	853,297	-	-	-	-
Debt service:								
Principal payments	-	-	-	-	-	-	19,650	-
Interest and fiscal charges	-	-	-	383	-	-	18,373	-
Capital lease payments	-	-	-	104,148	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	387,244
Total expenditures	<u>-</u>	<u>355,761</u>	<u>-</u>	<u>957,828</u>	<u>-</u>	<u>67,714</u>	<u>210,102</u>	<u>387,244</u>
Excess (deficiency) of revenues over expenditures	33	(63,229)	50	(53,930)	-	(22,095)	65,631	(2,889)
<b>OTHER FINANCING SOURCES</b>								
Transfers in	-	28,011	3,475	-	-	22,932	-	-
Total other financing sources	<u>-</u>	<u>28,011</u>	<u>3,475</u>	<u>-</u>	<u>-</u>	<u>22,932</u>	<u>-</u>	<u>-</u>
Net change in fund balances	33	(35,218)	3,525	(53,930)	-	837	65,631	(2,889)
Fund balances - beginning	2,128	50,968	1,062	62,662	1,320	63,248	136,150	674,075
Fund balances - ending	<u>\$ 2,161</u>	<u>\$ 15,750</u>	<u>\$ 4,587</u>	<u>\$ 8,732</u>	<u>\$ 1,320</u>	<u>\$ 64,085</u>	<u>\$ 201,781</u>	<u>\$ 671,186</u>

*(Continued)*

**TOWN OF WOODSTOCK, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Nonmajor Special Revenue Funds</b>						
	<b>Recycling Fund</b>	<b>Crystal Pond Park Revenue Fund</b>	<b>Arboretum Fund</b>	<b>Record Restoration Fund</b>	<b>Small Cities Fund</b>	<b>Miscellaneous Grants Fund</b>	<b>Total Special Revenue Funds</b>
<b>REVENUES</b>							
Grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,500	\$ 1,349,855
Charges for services	-	46,662	-	5,683	-	-	496,338
Other	1,603	14,612	2,168	-	25,055	7,377	161,549
Interest income	-	-	2	-	-	-	3,140
Total revenues	<u>1,603</u>	<u>61,274</u>	<u>2,170</u>	<u>5,683</u>	<u>25,055</u>	<u>12,877</u>	<u>2,010,882</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	6,130	2,922	-	10,097	19,149
Public works	-	-	-	-	-	-	172,079
Health, welfare and recreation	-	71,688	-	-	-	-	139,402
Education	-	-	-	-	-	-	1,209,058
Debt service:							
Principal payments	-	-	-	-	-	-	19,650
Interest and fiscal charges	-	-	-	-	-	-	18,756
Capital lease payments	-	-	-	-	-	-	104,148
Capital outlays	7,813	-	-	-	-	-	395,057
Total expenditures	<u>7,813</u>	<u>71,688</u>	<u>6,130</u>	<u>2,922</u>	<u>-</u>	<u>10,097</u>	<u>2,077,299</u>
Excess (deficiency) of revenues over expenditures	(6,210)	(10,414)	(3,960)	2,761	25,055	2,780	(66,417)
<b>OTHER FINANCING SOURCES</b>							
Transfers in	-	900	-	-	-	-	55,318
Total other financing sources	<u>-</u>	<u>900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,318</u>
Net change in fund balances	(6,210)	(9,514)	(3,960)	2,761	25,055	2,780	(11,099)
Fund balances - beginning	19,020	21,344	6,515	33,084	1,024,189	510	2,096,275
Fund balances - ending	<u>\$ 12,810</u>	<u>\$ 11,830</u>	<u>\$ 2,555</u>	<u>\$ 35,845</u>	<u>\$ 1,049,244</u>	<u>\$ 3,290</u>	<u>\$ 2,085,176</u>

*(Continued)*

**TOWN OF WOODSTOCK, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS *(Continued)*  
 FOR THE YEAR ENDED JUNE 30, 2020

	<b>Nonmajor Capital Projects Funds</b>				<b>Total Capital Projects Funds</b>
	<b>Open Space Fund</b>	<b>Capital Nonrecurring Fund</b>	<b>Highway Fund</b>	<b>School Roof Fund</b>	
<b>REVENUES</b>					
Grants and contracts	\$ -	\$ 68,767	\$ -	\$ -	\$ 68,767
Charges for services	25,666	-	-	-	25,666
Other	-	3,273	-	-	3,273
Interest income	3,963	2,534	-	111	6,608
Total revenues	<u>29,629</u>	<u>74,574</u>	<u>-</u>	<u>111</u>	<u>104,314</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	30,624	-	-	30,624
Public works	-	-	-	-	-
Health, welfare and recreation	-	-	-	-	-
Education	-	88,712	-	-	88,712
Debt service:					
Principal payments	-	-	-	45,000	45,000
Interest and fiscal charges	-	-	-	-	-
Capital lease payments	-	-	-	-	-
Capital outlays	-	577,833	-	-	577,833
Total expenditures	<u>-</u>	<u>697,169</u>	<u>-</u>	<u>45,000</u>	<u>742,169</u>
Excess (deficiency) of revenues over expenditures	29,629	(622,595)	-	(44,889)	(637,855)
<b>OTHER FINANCING SOURCES</b>					
Transfers in	20,000	425,444	-	-	445,444
Total other financing sources	<u>20,000</u>	<u>425,444</u>	<u>-</u>	<u>-</u>	<u>445,444</u>
Net change in fund balances	49,629	(197,151)	-	(44,889)	(192,411)
Fund balances - beginning	<u>530,269</u>	<u>1,510,082</u>	<u>-</u>	<u>54,045</u>	<u>2,094,396</u>
Fund balances - ending	<u>\$ 579,898</u>	<u>\$ 1,312,931</u>	<u>\$ -</u>	<u>\$ 9,156</u>	<u>\$ 1,901,985</u>

*(Continued)*

**TOWN OF WOODSTOCK, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Nonmajor Permanent Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Bradford Marcy Cemetery Fund</b>	<b>Memorial Fund</b>	<b>Total Permanent Funds</b>	
<b>REVENUES</b>				
Grants and contracts	\$ -	\$ -	\$ -	\$ 1,418,622
Charges for services	-	-	-	522,004
Other	-	-	-	164,822
Interest income	277	3	280	10,028
Total revenues	<u>277</u>	<u>3</u>	<u>280</u>	<u>2,115,476</u>
<b>EXPENDITURES</b>				
Current:				
General government	550	-	550	50,323
Public works	-	-	-	172,079
Health, welfare and recreation	-	-	-	139,402
Education	-	-	-	1,297,770
Debt service:				
Principal payments	-	-	-	64,650
Interest and fiscal charges	-	-	-	18,756
Capital lease payments	-	-	-	104,148
Capital outlays	-	-	-	972,890
Total expenditures	<u>550</u>	<u>-</u>	<u>550</u>	<u>2,820,018</u>
Excess (deficiency) of revenues over expenditures	(273)	3	(270)	(704,542)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	500,762
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,762</u>
Net change in fund balances	(273)	3	(270)	(203,780)
Fund balances - beginning	<u>14,202</u>	<u>4,982</u>	<u>19,184</u>	<u>4,209,855</u>
Fund balances - ending	<u>\$ 13,929</u>	<u>\$ 4,985</u>	<u>\$ 18,914</u>	<u>\$ 4,006,075</u>

*(Concluded)*

**TOWN OF WOODSTOCK, CONNECTICUT**  
**PROJECT STATUS SUMMARY**  
**CAPITAL NONRECURRING FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Beginning Fund Balance July 1, 2019	Revenues			Internal Transfers	Expenditures			Transfers In (Out)	Ending Fund Balance June 30, 2020
		Grants	Investment Income	Other Income		General Government	Education	Capital Outlays		
<b>Restricted Fund Balance</b>										
Public Act 05-228	\$ 61,938	\$ -	\$ -	\$ 3,273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,211
Municipal Grants-In-Aid	68,767	68,767	-	-	-	(30,624)	-	(38,143)	-	68,767
	<u>130,705</u>	<u>68,767</u>	<u>-</u>	<u>3,273</u>	<u>-</u>	<u>(30,624)</u>	<u>-</u>	<u>(38,143)</u>	<u>-</u>	<u>133,978</u>
<b>Committed Fund Balance</b>										
Nonlapsing education funds	271,131	-	-	-	-	-	(88,712)	(26,455)	-	155,964
Transfer station	78,955	-	-	-	-	-	-	(9,888)	-	69,067
Highway equipment	96,641	-	-	-	-	-	-	(30,990)	-	65,651
Parking lot expansion	13,283	-	-	-	-	-	-	(12,300)	-	983
Plan of development	18,439	-	-	-	-	-	-	-	-	18,439
TH Drainage & Sidewalks Upgrade	65,847	-	-	-	-	-	-	(59,216)	-	6,631
Town Hall HVAC system upgrade	17,025	-	-	-	-	-	-	-	-	17,025
English Neighborhood Road Project - Phase III	52,839	-	-	-	-	-	-	-	-	52,839
Quasset School	1,319	-	-	-	-	-	-	-	-	1,319
Local Bridge Project - Phase I	196,683	-	-	-	-	-	-	(123,601)	-	73,082
Lucas Compression Machines	-	-	-	-	-	-	-	-	70,000	70,000
Lebanon Hill Road Phase I	52,839	-	-	-	-	-	-	-	-	52,839
WA Capital Assessment	212,483	-	-	-	-	-	-	(212,483)	-	-
WA Capital Assessment Installment 2	-	-	-	-	-	-	-	-	212,483	212,483
Emergency Tree Removal FY 21	-	-	-	-	-	-	-	-	42,961	42,961
Emergency Tree Removal	75,000	-	-	-	-	-	-	(64,757)	-	10,243
Town Hall Generator replacement	-	-	-	-	-	-	-	-	100,000	100,000
Town Hall Roof Replacement	50,000	-	-	-	-	-	-	-	-	50,000
Local Bridge Project - Phase 2	26,360	-	-	-	-	-	-	-	-	26,360
	<u>1,228,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88,712)</u>	<u>(539,690)</u>	<u>425,444</u>	<u>1,025,886</u>
<b>Assigned Fund Balance</b>										
Uncommitted capital projects funding	150,533	-	2,534	-	-	-	-	-	-	153,067
<b>Total</b>	<u>\$ 1,510,082</u>	<u>\$ 68,767</u>	<u>\$ 2,534</u>	<u>\$ 3,273</u>	<u>\$ -</u>	<u>\$ (30,624)</u>	<u>\$ (88,712)</u>	<u>\$ (577,833)</u>	<u>\$ 425,444</u>	<u>\$ 1,312,931</u>



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## Fiduciary Funds

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

	<b>Student Activity Fund</b>	<b>Employee Medical Savings Account</b>	<b>Land Review &amp; Performance Bond Fund</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,711	\$ -	\$ 112,414	\$ 123,125
Other assets	-	-	21,326	21,326
Total assets	<u>\$ 10,711</u>	<u>\$ -</u>	<u>\$ 133,740</u>	<u>\$ 144,451</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 7,617	\$ 7,617
Due to student groups	10,711	-	-	10,711
Due to others	-	-	126,123	126,123
Total liabilities	<u>\$ 10,711</u>	<u>\$ -</u>	<u>\$ 133,740</u>	<u>\$ 144,451</u>

**TOWN OF WOODSTOCK, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN**  
**FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**AS OF JUNE 30, 2020**

	<u>Balance,</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2020</u>
<b>Student Activity Fund</b>				
Assets				
Cash and cash equivalents	\$ 26,748	\$ 96,165	\$ 112,202	\$ 10,711
Total assets	<u>\$ 26,748</u>	<u>\$ 96,165</u>	<u>\$ 112,202</u>	<u>\$ 10,711</u>
Liabilities				
Due to student groups	\$ 26,748	\$ 96,165	\$ 112,202	\$ 10,711
Total liabilities	<u>\$ 26,748</u>	<u>\$ 96,165</u>	<u>\$ 112,202</u>	<u>\$ 10,711</u>
<b>Employee Medical Savings Account</b>				
Assets				
Cash and cash equivalents	\$ 2,542	\$ -	\$ 2,542	\$ -
Total assets	<u>\$ 2,542</u>	<u>\$ -</u>	<u>\$ 2,542</u>	<u>\$ -</u>
Liabilities				
Due to others	\$ 2,542	\$ -	\$ 2,542	\$ -
Total liabilities	<u>\$ 2,542</u>	<u>\$ -</u>	<u>\$ 2,542</u>	<u>\$ -</u>
<b>Land Review &amp; Performance Bond Fund</b>				
Assets				
Cash and cash equivalents	\$ 131,118	\$ 150	\$ 18,854	\$ 112,414
Other assets	31,022	15,441	25,137	21,326
Total assets	<u>\$ 162,140</u>	<u>\$ 15,591</u>	<u>\$ 43,991</u>	<u>\$ 133,740</u>
Liabilities				
Accounts payable	\$ 9,870	\$ 7,617	\$ 9,870	\$ 7,617
Due to others	152,270	7,974	34,121	126,123
Total liabilities	<u>\$ 162,140</u>	<u>\$ 15,591</u>	<u>\$ 43,991</u>	<u>\$ 133,740</u>
<b>Total All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 160,408	\$ 96,315	\$ 133,598	\$ 123,125
Other assets	31,022	15,441	25,137	21,326
Total assets	<u>\$ 191,430</u>	<u>\$ 111,756</u>	<u>\$ 158,735</u>	<u>\$ 144,451</u>
Liabilities				
Accounts payable	\$ 9,870	\$ 7,617	\$ 9,870	\$ 7,617
Due to student groups	26,748	96,165	112,202	10,711
Due to others	154,812	7,974	36,663	126,123
Total liabilities	<u>\$ 191,430</u>	<u>\$ 111,756</u>	<u>\$ 158,735</u>	<u>\$ 144,451</u>