

**TOWN OF WINDSOR LOCKS, CONNECTICUT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2021**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

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**JUNE 30, 2021**

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## **Independent Auditors' Report**

To the Board of Finance  
Town of Windsor Locks, 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 Windsor Locks, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Windsor Locks, Connecticut'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.

#### ***Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity'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 Windsor Locks, Connecticut, as of June 30, 2021 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.

## ***Emphasis of Matter***

During fiscal year ended June 30, 2021, the Town of Windsor Locks, Connecticut adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of implementation of this standard, the Town of Windsor Locks, Connecticut reported a restatement for the change in accounting principle (see Note 13). Our opinion is not modified with respect to this matter.

In addition, the Town of Windsor Locks, Connecticut reported a restatement in the special grants fund for revenue recognition under the modified accrual basis of accounting (see Note 13). Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, 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, which 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 of Windsor Locks, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial 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 nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

The Town of Windsor Locks, Connecticut's basic financial statements for the year ended June 30, 2020 (not presented herein) were audited by Blum, Shapiro & Company, P.C. (blumshapiro), whose partners and professional staff joined CliftonLarsonAllen LLP as of January 1, 2021 and has subsequently ceased operations. Blum Shapiro's report thereon dated December 14, 2020, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2020 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2020 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In their opinion, the General Fund balance sheet was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2022 on our consideration of the Town of Windsor Locks, Connecticut'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 solely 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 the effectiveness of the Town of Windsor Locks, Connecticut's 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 of Windsor Locks, Connecticut's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
February 24, 2022

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

Management of the Town of Windsor Locks, Connecticut (the Town) offers 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, 2021. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$91.3 million (net position). Of this amount, \$12.0 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- On a government-wide basis during the year, the Town's total net position increased by \$1.1 million to \$91.3 million.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$26.1 million, an increase of \$1.6 million in comparison with the prior fiscal year.
- At the close of the fiscal year, unassigned fund balance for the General Fund was \$15.9 million, or 28.8% of total General Fund expenditures and transfers.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position, together with information from the accompanying notes, may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present only governmental activities whose functions are principally supported by taxes and intergovernmental revenues, since the Town does not operate any business-type activities. The governmental activities of the Town include general government, public safety, public works, health and welfare, recreation, education and debt service.

## **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 utilize the current financial resources measurement focus. This means that the funds are presented with a focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

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

The Town maintains seventeen 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 balance for the General Fund, Sewer Administration Fund, combined Capital Projects Funds, and the Special Grants fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in exhibit B1 and B2.

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided as required supplementary information.

### **Proprietary Funds**

The Town maintains one type of proprietary fund. 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 medical insurance benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

### **Fiduciary Funds**

The Town maintains two fiduciary funds. These 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 support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary type funds.



TOWN OF WINDSOR LOCKS, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

EXHIBIT B-1

	Special Revenue					
	Special Education Grants	Dog	Highway	School Cafeteria	Police Revolving	Parks and Recreation
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,698,008	\$ 43,161	\$ 1,218,038	\$ 68,698	\$ 20,210	\$ 169,581
Investments						
Receivables, net	588,892	1,002		125,299	255,694	22,806
Due from other funds		8,575		1		
Inventory				9,924		
Total Assets	\$ 3,286,900	\$ 52,738	\$ 1,218,038	\$ 203,922	\$ 275,904	\$ 192,387
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 107,219	\$ 7,993	\$ 3,647	\$ 110,172	\$ 8,124	\$ 6,602
Due to other funds	338,650				245,583	53,335
Unearned revenue	614,288			11,429		46,380
Total liabilities	1,060,157	7,993	3,647	121,601	253,707	106,317
<b>Fund Balances:</b>						
Nonspendable	2,226,743			9,924		
Restricted		44,745	1,214,391	72,397	22,197	86,070
Committed						
Unassigned						
Total fund balances	2,226,743	44,745	1,214,391	82,321	22,197	86,070
Total Liabilities and Fund Balances	\$ 3,286,900	\$ 52,738	\$ 1,218,038	\$ 203,922	\$ 275,904	\$ 192,387

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**TOWN OF WINDSOR LOCKS, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue					
	Special Education Grants	Dog	Highway	School Cafeteria	Police Revolving	Parts and Recreation
Revenues:						
Property taxes	\$ 3,358,454		\$ 266,790	\$ 721,407	\$	\$
Intergovernmental	1,976,830	5,603		10,233	356,533	126,457
Charges for services						
Contributions						
Income from investments			570			
Other revenues				2,002		3,102
Total revenues	<u>5,335,284</u>	<u>5,603</u>	<u>267,360</u>	<u>733,642</u>	<u>356,533</u>	<u>129,559</u>
Expenditures:						
Current:						
General government		725			311,301	
Public safety			167,045			
Public works						118,074
Health and welfare						
Recreation						
Education	<u>5,006,178</u>	<u>725</u>	<u>167,045</u>	<u>850,338</u>	<u>311,301</u>	<u>118,074</u>
Total expenditures						
Excess (Deficiency) of Revenues over Expenditures	<u>329,106</u>	<u>4,878</u>	<u>100,315</u>	<u>(116,696)</u>	<u>45,232</u>	<u>11,485</u>
Other Financing Sources (Uses):						
Transfers in				180,000		
Transfers out	<u>(180,000)</u>		<u>(150,000)</u>		<u>(50,000)</u>	
Total other financing sources (uses)	<u>(180,000)</u>		<u>(150,000)</u>	<u>180,000</u>	<u>(50,000)</u>	
Net Change in Fund Balances	<u>149,106</u>	<u>4,878</u>	<u>(49,685)</u>	<u>63,304</u>	<u>(4,768)</u>	<u>11,485</u>
Fund Balances at Beginning of Year	<u>2,077,637</u>	<u>39,867</u>	<u>1,264,076</u>	<u>19,017</u>	<u>26,965</u>	<u>74,585</u>
Fund Balances at End of Year	<u>\$ 2,226,743</u>	<u>\$ 44,745</u>	<u>\$ 1,214,391</u>	<u>\$ 82,321</u>	<u>\$ 22,197</u>	<u>\$ 86,070</u>

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