

# Official Statement Dated April 12, 2017

## REFUNDING ISSUE

**STANDARD & POOR'S RATING: AAA**

(See "Ratings" herein)

*In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, (the "Code"), under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; the Bonds are "qualified tax-exempt obligations"; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. (See Appendix B – "Opinion of Bond Counsel and Tax Exemption" herein).*

## TOWN OF WINDSOR, CONNECTICUT

**\$9,225,000**

### **GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2017, SERIES A (BANK QUALIFIED) BOOK-ENTRY-ONLY**

**Dated: Date of Delivery**

**Due: July 15, 2017-2023**

The Bonds will be general obligations of the Town of Windsor, Connecticut, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and interest thereon when due. (See "Security and Remedies" herein).

Interest on the Bonds will be payable on January 15 and July 15 in each year until maturity, commencing July 15, 2017. The Bonds are issuable only as fully-registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the beneficial owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein).

**The Bonds are NOT subject to optional redemption prior to maturity.**

The Registrar and the Certifying, Transfer, Paying and Escrow Agent for the Bonds will be U.S. Bank National Association, of Hartford, Connecticut.

### **MATURITY SCHEDULE AND AMOUNT**

| <u>Maturity</u> | <u>Amount</u> | <u>Coupon</u> | <u>Yield</u> | <u>CUSIP (1)</u> | <u>Maturity</u> | <u>Amount</u> | <u>Coupon</u> | <u>Yield</u> | <u>CUSIP (1)</u> |
|-----------------|---------------|---------------|--------------|------------------|-----------------|---------------|---------------|--------------|------------------|
| 2017            | \$ 365,000    | 4.000%        | 0.650%       | 9735683E6        | 2021            | \$ 1,130,000  | 3.000%        | 1.320%       | 9735683J5        |
| 2018            | 2,870,000     | 4.000         | 0.850        | 9735683F3        | 2022            | 785,000       | 2.000         | 1.490        | 9735683K2        |
| 2019            | 2,775,000     | 4.000         | 0.990        | 9735683G1        | 2023            | 100,000       | 4.000         | 1.670        | 9735683L0        |
| 2020            | 1,200,000     | 4.000         | 1.150        | 9735683H9        |                 |               |               |              |                  |

**RAYMOND JAMES®**

*The Bonds are offered for delivery when as, and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. Certain matters will be passed upon for the Underwriter by Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut, Underwriter's Counsel. It is expected that delivery of the Bonds in definitive form will be made on or about May 4, 2017.*

(1) Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesman or other person has been authorized by the Town of Windsor, Connecticut, to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion herein are subject to change without notice. No representation is made that past experience, as might be shown by financial or other information will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

Set forth in Appendix A – "Financial Statements" hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for sufficiency, accuracy or completeness of the financial information presented in that appendix.

Other than matters expressly set forth in Appendix B "Opinion of Bond Counsel and Tax Exemption" herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Independent Bond and Investment Consultants LLC, the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

This Official Statement is in a form "deemed final" by the Town for purposes of Securities and Exchange Commission Rule ("SEC") 15c2-12(b)(1), but is subject to revision or amendment.

The Town will enter into continuing disclosure agreement with respect to the Bonds (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the forms attached as Appendix C to this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**BOND COUNSEL**  
**DAY PITNEY LLP**

242 Trumbull Street  
Hartford, Connecticut  
(860) 275-0100

**INDEPENDENT FINANCIAL ADVISOR**  
**INDEPENDENT BOND AND  
INVESTMENT CONSULTANTS LLC**

Madison, Connecticut  
(203) 245-9603

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## SECTION I - SECURITIES OFFERED

### Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Windsor, Connecticut (the "Town") in connection with the issuance and sale of \$9,225,000 General Obligation Refunding Bonds, Issue of 2017, Series A (the "Bonds"), of the Town.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth in their opinion in Appendix B) and they make no representation that they have independently verified the same.

### Description of the Bonds

The Bonds will be dated the date of delivery and will mature in annual installments on July 15 in each of the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable on January 15 and July 15 in each year until maturity, commencing July 15, 2017. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the last business day of June and December in each year. The Bonds will be issued in fully-registered form in denominations of \$5,000 or any integral multiple thereof for any single maturity. A book-entry system will be employed evidencing ownership of the Bonds with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Registrar, Certifying Agent, Transfer Agent and Paying Agent will be U.S. Bank National Association of Hartford, Connecticut. **The Bonds are NOT subject to redemption prior to maturity.**

*[The remainder of this page intentionally left blank]*

## Plan of Refunding

The Bonds are being issued pursuant to a refunding bond resolution (the "Resolution") adopted by the Town Council at a meeting held February 6, 2017 and later amended on March 20, 2017. The Resolution authorizes the issuance of refunding bonds in an amount not to exceed \$10,000,000 to refund all or a portion of the Refunded Bonds.

The refunding is contingent upon delivery of the Bonds.

| <u>Issue</u> | <u>Dated Date</u> | <u>Maturity Date</u> | <u>Amount Outstanding</u> | <u>Interest Rate</u> | <u>Redemption Date</u> | <u>Redemption Price</u> |
|--------------|-------------------|----------------------|---------------------------|----------------------|------------------------|-------------------------|
| 2009-A       | 4/17/2009         | 8/1/2018             | \$ 860,000                | 4.000%               | 8/1/2017               | 100.0%                  |
| 2009-A       | 4/17/2009         | 8/1/2019             | 705,000                   | 3.500                | 8/1/2017               | 100.0                   |
|              |                   |                      | <u>1,565,000</u>          |                      |                        |                         |
| 2009-B       | 4/17/2009         | 8/1/2018             | 860,000                   | 4.000                | 8/1/2017               | 100.0                   |
| 2009-B       | 4/17/2009         | 8/1/2019             | 700,000                   | 4.000                | 8/1/2017               | 100.0                   |
|              |                   |                      | <u>1,560,000</u>          |                      |                        |                         |
| 2010-B       | 4/20/2010         | 7/15/2018            | 855,000                   | 4.000                | 7/15/2017              | 100.0                   |
| 2010-B       | 4/20/2010         | 7/15/2019            | 1,065,000                 | 4.000                | 7/15/2017              | 100.0                   |
| 2010-B       | 4/20/2010         | 7/15/2020            | 860,000                   | 4.000                | 7/15/2017              | 100.0                   |
| 2010-B       | 4/20/2010         | 7/15/2021            | 445,000                   | 3.000                | 7/15/2017              | 100.0                   |
| 2010-B       | 4/20/2010         | 7/15/2022            | 445,000                   | 4.000                | 7/15/2017              | 100.0                   |
| 2010-B       | 4/20/2010         | 7/15/2023            | 130,000                   | 4.000                | 7/15/2017              | 100.0                   |
|              |                   |                      | <u>3,800,000</u>          |                      |                        |                         |
| 2011         | 4/12/2011         | 4/1/2018             | 350,000                   | 2.500                | 6/5/2017               | 100.0                   |
| 2011         | 4/12/2011         | 4/1/2022             | 350,000                   | 3.000                | 6/5/2017               | 100.0                   |
|              |                   |                      | <u>700,000</u>            |                      |                        |                         |
| 2012         | 5/2/2012          | 5/1/2019             | 375,000                   | 2.000                | 6/5/2017               | 100.0                   |
| 2012         | 5/2/2012          | 5/1/2020             | 375,000                   | 2.000                | 6/5/2017               | 100.0                   |
| 2012         | 5/2/2012          | 5/1/2021             | 375,000                   | 2.000                | 6/5/2017               | 100.0                   |
| 2012         | 5/2/2012          | 5/1/2022             | 375,000                   | 2.000                | 6/5/2017               | 100.0                   |
| 2012         | 5/2/2012          | 5/1/2023             | 375,000                   | 2.000                | 6/5/2017               | 100.0                   |
|              |                   |                      | <u>1,875,000</u>          |                      |                        |                         |
|              |                   |                      | <u>\$ 9,500,000</u>       |                      |                        |                         |

Upon delivery of the Bonds, a portion of the proceeds will be deposited in an irrevocable escrow fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent"), under an Escrow Agreement (the "Escrow Agreement") dated as of May 4, 2017 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by the government of the United States of America, including United States Treasury securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes (collectively, the "Escrow Securities") all of which shall not be callable or prepayable at the option of the issuer thereof. The principal of and interest on the Escrow Securities, when due, will provide amounts sufficient to pay the principal, interest and redemption premium, if any, on the Refunded Bonds to the redemption dates (the "Escrow Requirements"). The Town may also enter into an agreement to reinvest receipts from Escrow Securities not immediately required to pay the principal of and redemption premium, if any, and interest on the Refunded Bonds. All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay costs of issuance and the Underwriter's discount.

The Connecticut General Statutes provide that upon placement in escrow of proceeds of refunding bonds sufficient to provide for the payment of the principal of and interest on the bonds to be refunded by such refunding bonds, such Refunded Bonds are no longer counted in computing the Town's debt for statutory debt limitation purposes.

## Verification of Mathematical Computations

Barthe & Wahrman, a Professional Association, will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations that the anticipated receipts from the Escrow Securities and cash deposits set forth in the Underwriter's schedules will be sufficient to pay, when due, the principal, interest and applicable call premium, payment requirements, if any, of the Refunded Bonds, and (2) the yield on the Bonds and the Escrow Securities. Barthe & Wahrman, a Professional Association, will express no opinion on the assumptions provided to them.

## Sources and Uses of Bond Proceeds

### Sources:

|                                 |                               |
|---------------------------------|-------------------------------|
| Par Amount                      | \$ 9,225,000.00               |
| Original Issue Premium/Discount | 508,781.35                    |
| <b>Total Sources</b>            | <b><u>\$ 9,733,781.35</u></b> |

### Uses:

|                                |                               |
|--------------------------------|-------------------------------|
| Deposit to Escrow Deposit Fund | \$ 9,633,360.33               |
| Underwriter's Discount         | 30,268.75                     |
| Cost of Issuance               | 70,152.27                     |
| <b>Total Uses</b>              | <b><u>\$ 9,733,781.35</u></b> |

## Ratings

The Bonds have been rated AAA by S&P Global Ratings ("S&P"). The rating on the Town's outstanding general obligation bonds has been recently affirmed as AAA by S&P. Such rating reflects only the views of such rating agency and an explanation of the significance of such rating may be obtained from S&P at the following addresses: S&P Global Ratings: 55 Water Street, New York, New York 10041. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Town's bonds and notes, including the Bonds.

## Security and Remedies

The Bonds will be general obligations of the Town of Windsor, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from the general property tax revenue of the Town. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There were 661.84 acres of such certified forest land on the last completed grand list of the Town. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay to the Town the amount of tax revenue which the Town would have received except for the limitation under certain of the statutes upon its power to tax dwelling houses of qualified elderly persons of low income.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefore or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

## **THE TOWN OF WINDSOR, CONNECTICUT HAS NEVER DEFAULTED ON THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES**

### **Qualification for Financial Institutions**

The Bonds SHALL BE designated as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

### **Book-Entry Transfer System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.



Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

### **Replacement Bonds**

The determination of the Town authorizing the Bonds provides for issuance of fully-registered Bond certificates directly to Beneficial Owners of the Bonds or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

### **DTC Practices**

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

### **Underwriting**

The Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$9,703,512.60, consisting of the par amount of \$9,225,000, plus net original issue premium of \$508,781.35, less Underwriters' discount of \$30,268.75. The Underwriter will be obligated to purchase all of the Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices stated on the cover page of this Official Statement, and such public offering prices may be changed, from time to time, by the Underwriter.

## SECTION II - THE ISSUER

### **Description of the Town**

Windsor is the location of the first permanent English settlement in Connecticut, settled in 1633 by church congregations relocating from Massachusetts. These settlers joined with other communities in the immediate region to create a General Court in 1636, the precursor to Connecticut's General Assembly. Bordering Hartford to the north, Windsor covers a 31 square mile area on the west bank of the Connecticut River. The Farmington River also flows through Windsor and into the Connecticut River, and provides a wealth of scenic areas and natural attractions.

The Town is strategically located approximately halfway between New York City and Boston and within an 8 hour drive of one hundred million people (representing one-third of the U.S. economy and two-thirds of the Canadian economy). Bradley International Airport, New England's second busiest airport, is located just minutes away from Windsor. Interstate 91, a major expressway between New York and northern New England, traverses the Town and has seven interchanges within the Town's borders. In addition, the Connecticut Turnpike, the Massachusetts Turnpike and the New York State Thruway are easily accessible. Windsor is a community predominantly composed of owner-occupied, single-family dwellings which account for 80% of all housing units.

Planning was established in 1924. Comprehensive zoning regulations, which were first adopted in 1931, are periodically revised to reflect current development standards and practices. The Plan of Conservation and Development was revised and approved by the Town Planning & Zoning Commission in 2015. The Town has approximately 1,100 acres of undeveloped industrially zoned land and has approved a concept plan that will allow for the development of approximately 425 acres of former industrial land to add 4,000 dwelling units in a new mixed-use village called Great Pond. Full development of the remaining residential land, together with Great Pond would result in a population increase of approximately 12,950. The Town's estimated population as of July 1, 2016 according to the United States Census Bureau, 2011-2015 American Community Survey 5-Year Estimates was 29,095.

The Town's educational system consists of four elementary schools, one middle school and one high school, which was fully renovated in March 2003. Windsor is home to the well-known Loomis-Chaffee college preparatory school, as well as a number of private schools including St. Gabriel, Trinity Christian and Madina Academy parochial schools, offering grades K-8, PreK-12, and K-12 respectively.

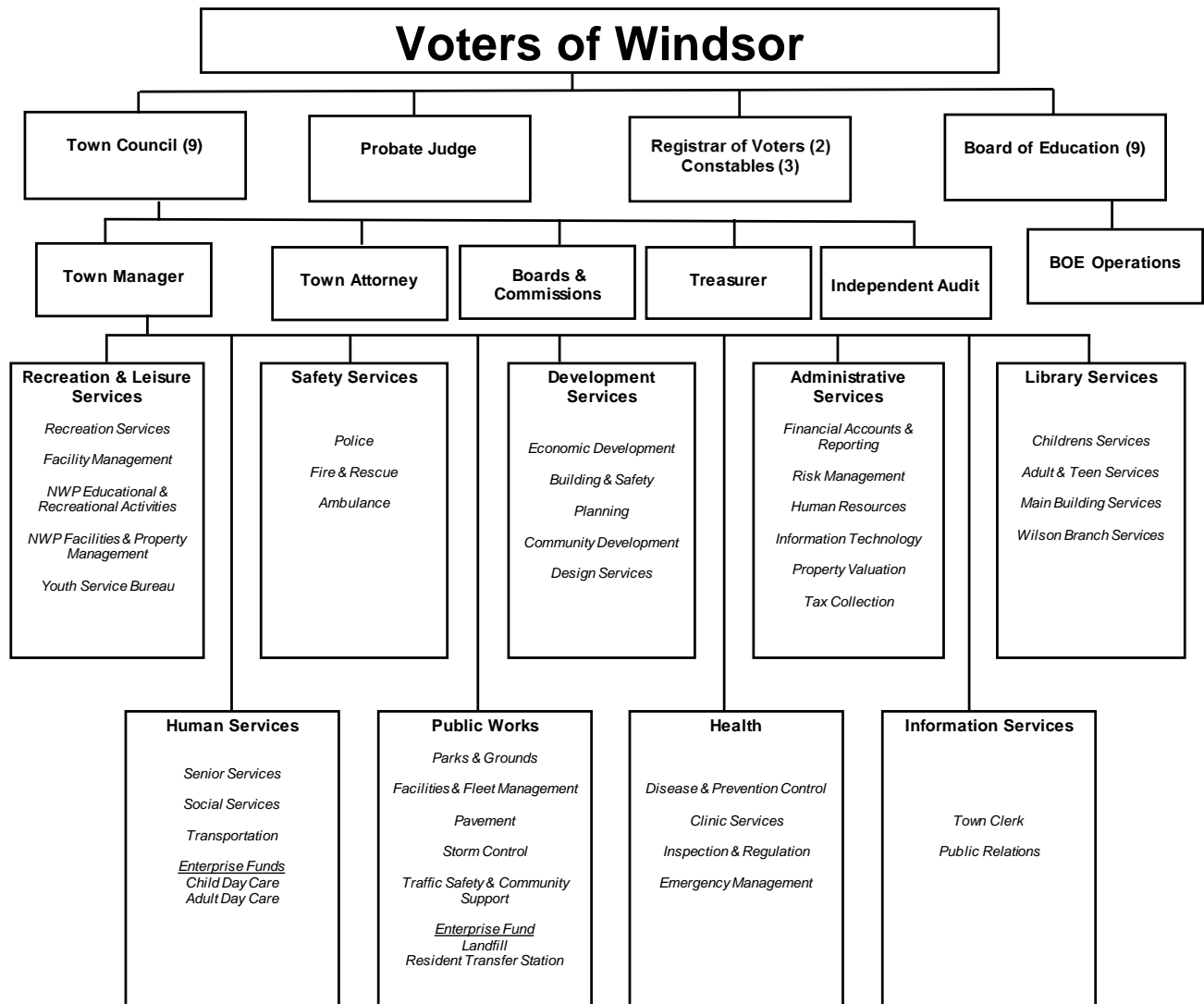
### **Form of Government**

The Town of Windsor is organized under the Council-Manager form of government. The Town Charter was passed in the 1947 session of the General Assembly of Connecticut and approved by a referendum vote of the Town the same year. It has been amended by a special act of the General Assembly and more recently (in 1998) under the authorization of the home rule law for Connecticut municipalities, by local referendum.

The legislative function is performed by a bipartisan Council of nine members, who are elected biennially for two-year terms. Minority representation is guaranteed in that no political party may have more than five members. The Town Council elects a Mayor from its membership for the two-year term. The Town Manager is appointed by the Town Council on the basis of professional executive training and qualifications. Since 1947, Windsor has had only four Town Managers.

The Charter provides for an annual Town Budget Referendum for approval of the annual budget and for supplemental appropriations and bond authorizations which exceed certain amounts. (See "Supplemental Appropriations" and "Legal Requirements for Approval of Borrowing" herein).

**Table of Organization**



**Municipal Officials**

| <u>Name</u>          | <u>Position</u>            | <u>Term of Office</u> | <u>Years of Service</u> |
|----------------------|----------------------------|-----------------------|-------------------------|
| Donald S. Trinks     | Mayor                      | 2 Years – Elected     | 22                      |
| Jody L. Terranova    | Deputy Mayor               | 2 Years – Elected     | 6                       |
| Alan J. Simon        | Town Council               | 2 Years – Elected     | 18                      |
| Donald A. Jepsen Jr. | Town Council               | 2 Years – Elected     | 16                      |
| Randy P. McKenney    | Town Council               | 2 Years – Elected     | 10                      |
| Kenny M. Wilkos      | Town Council               | 2 Years – Elected     | 4                       |
| Jim G. Govoni        | Town Council               | 2 Years – Elected     | 4                       |
| Jill Jackson-Jenkins | Town Council               | 2 Years – Elected     | 2                       |
| Bernard S. Petkis    | Town Council               | 2 Years – Elected     | 2                       |
| Peter P. Souza       | Town Manager               | Appointed             | 13                      |
| Dr. Craig A. Cooke   | Superintendent of Schools  | Appointed             | 4                       |
| James R. Bourke (1)  | Finance Director           | N/A                   | 9                       |
| Linda R. Collins (2) | Assistant Finance Director | N/A                   | 10                      |

(1) The 9 years of service also includes 8 years for serving as the Town’s Assistant Finance Director.

(2) The 10 years of service also includes 9 years for serving as the Town Accountant.

## Biographies of Principal Officials

**Town Manager:** Appointed as Town Manager in October 2004, Peter P. Souza has served the Town of Windsor since September 1999 initially as the Assistant Town Manager and then as Acting Town Manager. Prior to his arriving in Windsor, Mr. Souza was an Assistant City Manager for the City of Olathe, Kansas, a large fast growing full-service suburban community, where he worked from 1992 until 1999. Mr. Souza also has project management, budgeting, capital planning and community engagement experience through positions with the Town of Barnstable, Massachusetts and non-profit housing development organizations in Worcester, Massachusetts.

Mr. Souza earned a Bachelor's degree in Urban Studies from Worcester State College in 1985 and a Master's of Public Administration from the University of Kansas in 1994. He is a member of the International City/County Management Association and the Connecticut Town and City Management Association.

**Superintendent of Schools:** Dr. Craig A. Cooke began his service as Superintendent of Schools in November 2013. Dr. Cooke holds a Bachelor's degree in Business from Castleton State College in Vermont and a Master's degree in Business Administration from Clarkson University in New York. He received his Sixth Year certificate and Doctorate of Philosophy degree in Educational Leadership from the University of Connecticut.

Prior to his appointment as Superintendent, he was the Assistant Superintendent for Human Resources with Windsor Public Schools for the past five years. Prior to coming to Windsor, Dr. Cooke served as the Director of Human Resources for the Town of Enfield, Connecticut public schools for fourteen years.

**Finance Director:** James R. Bourke, CPFO, was hired as Finance Director in July of 2016 after serving as Assistant Finance Director since September of 2008. He has nineteen years of experience in the private sector in the areas of Banking Operations, Treasury and Cash Management and Securities and Investment Accounting. Mr. Bourke earned a Bachelor's degree in Accounting from Eastern Connecticut State University in 2004. Mr. Bourke is a member of the Government Finance Officers Association of America ("GFOA") as well as the Connecticut Government Finance Officers Association. He is certified as a Public Finance Officer by the GFOA.

**Assistant Finance Director:** Linda R. Collins was hired as Assistant Finance Director in September of 2016 after serving as the Town Accountant since November of 2007. Prior to that she worked in the field of non-profit finance and accounting for eight years. Ms. Collins holds a Bachelor's degree in Accounting as well as an MBA from the University of Hartford. She is a member of the Government Finance Officers Association of America ("GFOA") as well as the Connecticut Government Finance Officers Association.

## Summary of Municipal Services

**Administrative Services:** Administrative Services supports town operations by supplying other departments with the financial, personnel, and information resources they need to deliver services to the community. Administrative Services also protects town resources from the risk of loss through risk management services, and provides information directly to the financial community as well as the general public. In addition, Administrative Services assesses property and collects taxes.

**Development Services:** This department guides the public and private development of land and buildings in order to ensure the long-term success of the community. This is achieved through safety in building design and construction, the appropriate use of land and protection of natural resources, and dedicated economic development initiatives.

**Health Services:** Health Services protects the public from preventable diseases by minimizing the environmental causes of disease, through preventive health care programs, and by carrying out state mandated health and safety inspections.

**Human Services:** Human Services provides child and adult day care and family support services. It also provides casework and referral services for the public. The Transportation unit provides safe, reliable transportation to Windsor's seniors and adults with disabilities to various locations within Town.

**Information Services:** Information Services maintains public records and vital statistics, issues various licenses and permits, provides information referral services for the community, town council and other staff, and acts as a chief point of contact for the media and general public.

**Library Services:** From two attractive facilities, the unit provides materials and information, along with literary, educational and cultural programs to the community. Regular scheduling provides for public access every day, as well as extended evening hours four nights per week.

**Public Works:** The Public Works Department provides and maintains the Town's road network, pedestrian walkways, parks & playing fields and public buildings for the residents, businesses and visitors. This department also minimizes the disruption caused by inclement weather, especially winter storms. These services cover 149 centerline miles of roads, more than 1,500 acres of town-owned land, 43 athletic fields and 29 buildings. Ninety-eight percent (98%) of the Town's roads are illuminated.

**Recreation and Leisure Services:** Recreation and Leisure Services provide recreational and cultural programming for all age groups. Through the operation of Northwest Park, it also provides safe, clean open space and educational facilities for public enjoyment.

**Safety Services:** This service unit is made up of the police and fire departments, ambulance services and an emergency management program. Fire and ambulance personnel maintain fire and rescue delivery systems as well as an extensive fire prevention program, respond to calls for emergency medical assistance, render medical treatment and provide transportation to area medical facilities. Windsor Police enforce criminal and motor vehicle laws, render aid to victims of medical emergencies or accidents, and patrol the Town. The Police Department maintains a 24-hour public safety dispatch center which coordinates responses by all safety services including fire, ambulance, and civil preparedness. The police force also provides a number of community relations and public education programs with special emphasis on safety and drug abuse prevention programs in the local schools.

**Water and Sewerage:** Water and sewerage service is provided to Windsor by the Metropolitan District Commission. The Metropolitan District was created by the Connecticut General Assembly in 1929 and operates as a quasi-municipal corporation of the State of Connecticut under Act No. 511, of the 1929 Special Acts of the State of Connecticut, as amended. The District's purpose is to provide, as authorized, complete, adequate and modern systems of water supply, sewerage collection and disposal facilities for its member municipalities. The member municipalities incorporated in the District are the City of Hartford and the Towns of East Hartford, Wethersfield, Rocky Hill, Newington, Bloomfield, West Hartford and Windsor.

**Solid Waste:** Windsor maintains a town-owned landfill consisting of 173 acres, on which waste has been deposited on 55 acres. The landfill served the towns of Windsor and Bloomfield until it reached its permitted capacity in fiscal year 2015. The two towns are equally responsible for closure costs in accordance with an agreement dated November 19, 1993. The cost of solid waste disposal is not a tax-supported function. Town residents pay private haulers for curbside pickup. The landfill is currently operating under a stewardship permit issued by the State of Connecticut Department of Energy and Environmental Protection ("DEEP"). The Town Council has approved an ordinance that requires all trash haulers operating in town as of the landfill's closure to acquire a license which demonstrates they are disposing of municipal solid waste at a properly permitted facility. It is projected that there will be adequate retained earnings available plus interest income over thirty years, under present assumptions, to provide sufficient funding for closure and post-closure activities.

Closure and post-closure costs are calculated on a conservative basis which is a requirement of EPA Subtitle-D regulations. The conservative calculation basis assumes that all work is contracted at prevailing contractor rates rather than performed by Town staff with Town equipment, and that regulatory authorities will require systems to manage leachate and to collect gases generated within the landfill prior to discharge into the air.

Management has proposed that a majority of the closure work be performed by Town staff. Closure work began during FY 2011 with the construction of a stormwater basin along the southern side of the landfill. This work was carried out primarily by Town staff and performed at a savings to the Landfill Enterprise Fund compared to having the work carried out by a third party. The Town has installed a gas collection system which covers the entire waste footprint of the landfill. Other open issues, such as how leachate will be managed, are still to be determined by the DEEP as part of the landfill closure plan approval. Starting in fiscal year 2016 and going forward, the Town will continue to operate a residential transfer station at the landfill site.

**Utilities:** Eversource, the Connecticut Natural Gas Corporation, and AT&T, Inc. all provide service within the Town.

## Educational System

The Town's elementary school system consists of one school for pupils pre-kindergarten through second grade; one school for pupils for kindergarten through second grade; two schools for grades 3 through 5; one school for grades 6 through 8; and one high school for grades 9-12. The schools are governed by a nine-member Board of Education.

## Educational Facilities

| Schools                       | Grades  | Date Occupied | Additions/<br>Renovations | Classrooms | Enrollment<br>10/01/16 | Capacity     |
|-------------------------------|---------|---------------|---------------------------|------------|------------------------|--------------|
| Oliver Ellsworth Elementary   | Pre-K-2 | 1971          |                           | 31         | 363                    | 660          |
| Poquonock Elementary School   | K-2     | 1947          | 1958, 1980, 1988          | 27         | 306                    | 546          |
| Clover St. Elementary School  | 3-5     | 1957          | 1988                      | 27         | 274                    | 517          |
| J.F.Kennedy Elementary School | 3-5     | 1965          | 1988                      | 28         | 375                    | 546          |
| Sage Park Middle School       | 6-8     | 1969          | 1993                      | 50         | 688                    | 1,250        |
| Windsor High School           | 9-12    | 1952          | 1977, 2000                | 86         | 1,180                  | 1,500        |
| Total                         |         |               |                           |            | <u>3,186</u>           | <u>5,019</u> |

Source: Superintendent of Schools

## School Enrollments

| As of<br>October 1 | Actual    |       |        |  | Total |
|--------------------|-----------|-------|--------|--|-------|
|                    | Pre-K-5   | 6 - 8 | 9 - 12 |  |       |
| 2007               | 1,683     | 923   | 1,492  |  | 4,098 |
| 2008               | 1,648     | 912   | 1,406  |  | 3,966 |
| 2009               | 1,544     | 842   | 1,373  |  | 3,759 |
| 2010               | 1,498     | 814   | 1,312  |  | 3,624 |
| 2011               | 1,473     | 785   | 1,227  |  | 3,485 |
| 2012               | 1,438     | 750   | 1,203  |  | 3,391 |
| 2013               | 1,383     | 725   | 1,144  |  | 3,252 |
| 2014               | 1,353     | 671   | 1,121  |  | 3,145 |
| 2015               | 1,384     | 673   | 1,130  |  | 3,187 |
| 2016               | 1,318     | 688   | 1,180  |  | 3,186 |
|                    | Projected |       |        |  |       |
| 2017               | 1,294     | 681   | 1,175  |  | 3,150 |
| 2018               | 1,249     | 695   | 1,138  |  | 3,082 |
| 2019               | 1,242     | 634   | 1,181  |  | 3,057 |
| 2020               | 1,223     | 634   | 1,108  |  | 2,965 |
| 2021               | 1,203     | 624   | 1,078  |  | 2,905 |

Source: Superintendent of Schools and State of Connecticut Board of Education.

## Municipal Employment

| <u>Fiscal Year</u>          | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014 (1)</u> | <u>2013</u> |
|-----------------------------|-------------|-------------|-------------|-----------------|-------------|
| Board of Education          | 672         | 645         | 667         | 643             | 628         |
| General Government          | 164         | 164         | 164         | 163             | 163         |
| Grant and Enterprise Funded | 44          | 46          | 48          | 56              | 23          |
| Total                       | <u>880</u>  | <u>855</u>  | <u>879</u>  | <u>862</u>      | <u>814</u>  |

(1) Consists of Board of Education grant funded positions not previously included, in addition to Enterprise Fund positions that were reflected previously.

Source: Town Officials.

## Municipal Employees by Category

| <u>Department</u>   | <u>Full-Time Employees</u> |
|---|----------------------------|
| <u>General Government</u>   |                            |
| Administrative Services   | 17                         |
| Development Services  | 16                         |
| Community Development   | 2                          |
| Human Services  | 5                          |
| Recreation Services   | 7                          |
| Health Services   | 4                          |
| Information Services  | 3                          |
| Library Services  | 9                          |
| Public Works  | 32                         |
| Safety Services   | 66                         |
| Town Manager  | 3                          |
| General Government Subtotal   | <u>164</u>                 |
| Enterprise Personnel  | <u>18</u>                  |
| General Government Total  | <u>182</u>                 |
| <u>Board of Education</u>   |                            |
| Administration and Principals   | 24                         |
| Teachers  | 345                        |
| Pupil Personnel (Psychologists,<br>Social Workers, Speech Clinicians) | 33                         |
| Secretaries/ParaProfessionals   | 132                        |
| Nurses  | 8                          |
| Non-Bargaining Employees (1)  | 45                         |
| Custodial/Maintenance   | 37                         |
| Board of Education Subtotal   | <u>624</u>                 |
| Food Service  | 48                         |
| Grant Funded  | 26                         |
| Board of Education Total  | <u>698</u>                 |
| Grand Total   | <u>880</u>                 |

(1) Consists of Administrative Assistants to the Superintendent, Director of Business Services, Transportation Coordinator, Residency Investigator, Technicians, Food Service Managers and Director, and non-union secretarial positions.

Source: Town Officials.

**Municipal Employees Bargaining Organizations (1)**

| <u>Employees Represented</u>     | <u>Union Representation</u>  | <u>Employees Represented</u> | <u>Contract Expiration Date</u> |
|----------------------------------|--|------------------------------|---------------------------------|
| <b><u>GENERAL GOVERNMENT</u></b> |  |                              |                                 |
| Police                           | Windsor Police Department Employees Association  | 49                           | 6/30/19                         |
| Public Works/Clerical            | International Brotherhood of Teamsters, Local 671  | 40                           | 6/30/18                         |
| Dispatchers                      | United Public Service Employees Union (UPSUE Local 424, Unit 10)                         | 9                            | 6/30/18                         |
| <b><u>BOARD OF EDUCATION</u></b> |  |                              |                                 |
| Teachers                         | Windsor Education Association, CEA   | 378                          | 6/30/19                         |
| Administrators                   | Windsor School Administrators and Supervisors Assoc.                                     | 24                           | 6/30/20                         |
| Nurses                           | Windsor School Nurses Assoc., CSEA   | 8                            | 6/30/19                         |
| Paraprofessionals                | Windsor Paraprofessional Employees Assoc., NAGE  | 98                           | 6/30/17                         |
| Secretaries                      | CSEA AFL-CIO Administrative Support Staff  | 34                           | 6/30/17                         |
| School Employees                 | Windsor School Employees Union, NAGE<br>(Custodial, Maintenance and Cafeteria Employees) | 85                           | 6/30/19                         |

(1) The negotiation of collective bargaining agreements is subject to binding arbitration under Connecticut General Statutes.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either of the parties. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997, for binding arbitration of teacher's contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

**Economic Development**

Windsor, an important regional employment center in New England's Knowledge Corridor, is strategically located between Hartford, CT and Springfield, MA on Interstate I-91 and adjoining Bradley International Airport. Key industries include financial services, precision manufacturing, regional distribution, data management and hospitality.

With a jobs base of 24,000, Windsor ranks fifth among Hartford area communities in total non-retail employment. Major private employers include Hartford Life, VOYA, GE/Alstom, Eversource, Westinghouse, Waste Management, Konica Minolta, CIGNA, Walgreens, Permasteelisa, SS&C and Amazon.

Between 2005 and 2015, Windsor experienced substantial growth. More than five million square feet of new commercial space was constructed during this period. In addition, more than 580 new hotel rooms were built to serve the growing business community.



The most significant projects during this period were:

- VOYA (formerly ING) - a 475,000 SF office center to house its largest employee base in North America. This \$90 million facility was completed in 2007 and employs approximately 1,800 persons.
- Emhart Glass - a 60,000 SF research center including a 40-metric ton glass furnace for development of container fabrication technologies and equipment. This \$20 million research center opened in 2008 and employs 60 engineers and scientists.
- Hartford Life - a 450,000 SF office center to consolidate existing operations and to provide space for planned growth. This \$110 million facility opened in 2008 and employs over 2,000 persons.
- Walgreens - an 800,000 SF high-tech distribution center serving drugstores in an eight-state region. This \$250 million facility was placed in operation in 2009 and employs some 500 persons.
- Dollar Tree - a 1,000,000 SF distribution facility to serve retail stores in the US and Canada. This \$70 million facility was placed in operation in 2013 and employs approximately 200 persons.
- Amazon.com - a 1.5 million SF fulfillment center for the leading online retailer. This \$100 million facility was completed in the second quarter of 2015 and employs 800 persons.

Between 2005 and 2015, the number of jobs in Windsor increased by 33.5% from 18,636 to 24,883.

The most significant changes came in the Professional, Scientific and Management sector, the Transportation sector and the Finance, Insurance and Real Estate sector. The Professional sector saw increased employment by 151% from 1,469 jobs in 2005 to 3,692 jobs in 2015. The Transportation sector increased employment by 245% from 691 jobs in 2005 to 2,382 jobs in 2015. The Finance sector increased employment by 72% from 3,092 jobs in 2005 to 5,320 jobs in 2015. This increased these sectors' portions of the local workforce from 7.9%, 3.7% and 16.6% respectively in 2005 to 14.8%, 9.6% and 21.3% in 2015.

Other sectors that increased significantly are Arts, Entertainment, Accommodation and Food with 376 new jobs, a 55.3% increase and Administrative with 930 new jobs, a 79.2% increase.

Average annual wages in Windsor have increased by 23.1% between 2005 and 2015 from \$60,415 to \$74,360. By comparison, over the same period, annual wages in Connecticut rose from \$52,968 to \$65,515.

Looking forward, the Town of Windsor is taking steps to sustain its growth and the quality of its development. A variety of initiatives are underway to further improve highway access, manage transportation demand and enhance community livability. Detail plan approval has been granted to a 600-acre mixed-use project known as Great Pond Village in the Day Hill Road Corporate Area. This project will add value to existing space and provide opportunities for new workforce housing. The Redevelopment Agency is pursuing redevelopment of key properties in Windsor Center which will support and benefit from planned commuter rail service expansion. A 130 unit market-rate apartment development is nearing completion in Windsor Center. This \$18 million investment will be completed in the second quarter of calendar year 2017. The CT DOT has initiated a project for enhanced commuter rail service between New Haven and Springfield, MA which will more than double the stops in Windsor by the beginning of 2018.

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## SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

### Population Trends

| Year | Town of Windsor | Hartford County | State of Connecticut |
|------|-----------------|-----------------|----------------------|
| 1980 | 25,204          | 807,766         | 3,107,576            |
| 1990 | 27,817          | 851,783         | 3,287,116            |
| 2000 | 28,237          | 857,183         | 3,405,565            |
| 2010 | 29,044          | 894,014         | 3,574,097            |
| 2015 | 29,095          | 896,943         | 3,593,222            |

Source: U.S. Department of Commerce, Bureau of Census and 2011-2015 American Community Survey.

### Age Characteristics of Population

| Age         | Town of Windsor |         | Hartford County |         | State of Connecticut |         |
|-------------|-----------------|---------|-----------------|---------|----------------------|---------|
|             | Number          | Percent | Number          | Percent | Number               | Percent |
| Under 5     | 1,631           | 5.6     | 48,910          | 5.5     | 191,445              | 5.3     |
| 5 - 9       | 1,496           | 5.1     | 54,443          | 6.1     | 214,983              | 6.0     |
| 10 - 14     | 1,745           | 6.0     | 57,069          | 6.4     | 231,075              | 6.4     |
| 15 - 19     | 1,738           | 6.0     | 60,864          | 6.8     | 255,286              | 7.1     |
| 20 - 24     | 1,723           | 5.9     | 57,193          | 6.4     | 237,578              | 6.6     |
| 25 - 34     | 3,435           | 11.8    | 115,522         | 12.9    | 436,678              | 12.2    |
| 35 - 44     | 3,612           | 12.4    | 112,076         | 12.5    | 448,840              | 12.5    |
| 45 - 54     | 4,531           | 15.6    | 135,339         | 15.1    | 556,454              | 15.5    |
| 55 - 59     | 2,750           | 9.5     | 64,904          | 7.2     | 259,565              | 7.2     |
| 60 - 64     | 1,733           | 6.0     | 53,256          | 5.9     | 219,040              | 6.1     |
| 65 - 74     | 2,629           | 9.0     | 72,249          | 8.1     | 291,955              | 8.1     |
| 75 - 84     | 1,404           | 4.8     | 41,781          | 4.7     | 162,332              | 4.5     |
| 85 and over | 668             | 2.3     | 23,337          | 2.6     | 87,991               | 2.4     |
| Total       | 29,095          | 100.0   | 896,943         | 100.0   | 3,593,222            | 100.0   |

Source: U.S. Department of Commerce, 2011-2015 American Community Survey.

### Selected Wealth and Income Indicators

|                 | Median Family Income |          | Per Capita Income |          |
|-----------------|----------------------|----------|-------------------|----------|
|                 | (2000)               | (2015)   | (2000)            | (2015)   |
| Town of Windsor | \$73,064             | \$93,629 | \$27,633          | \$36,322 |
| Hartford County | 62,144               | 83,946   | 26,047            | 35,611   |
| Connecticut     | 65,521               | 89,031   | 28,766            | 38,803   |
| United States   | 49,600               | 66,011   | 21,690            | 28,930   |

Source: U.S. Department of Commerce, Bureau of Census, Census 2000 and 2011-2015 American Community Survey.

## Income Distribution

|                    | Town of Windsor |              | Hartford County |              | State of Connecticut |              |
|--------------------|-----------------|--------------|-----------------|--------------|----------------------|--------------|
|                    | Families        | Percent      | Families        | Percent      | Families             | Percent      |
| \$ -0- to 9,999    | 170             | 2.2          | 9,374           | 4.1          | 30,926               | 3.5          |
| 10,000 to 14,999   | 61              | 0.8          | 5,555           | 2.4          | 18,063               | 2.0          |
| 15,000 to 24,999   | 287             | 3.7          | 12,899          | 5.7          | 46,085               | 5.1          |
| 25,000 to 34,999   | 374             | 4.8          | 14,650          | 6.5          | 55,716               | 6.2          |
| 35,000 to 49,999   | 562             | 7.2          | 21,434          | 9.4          | 83,173               | 9.3          |
| 50,000 to 74,999   | 1,319           | 16.9         | 37,073          | 16.3         | 139,724              | 15.6         |
| 75,000 to 99,999   | 1,532           | 19.6         | 33,159          | 14.6         | 126,557              | 14.1         |
| 100,000 to 149,999 | 1,855           | 23.8         | 46,035          | 20.3         | 183,030              | 20.4         |
| 150,000 to 199,999 | 945             | 12.1         | 22,517          | 9.9          | 94,575               | 10.6         |
| 200,000 or more    | 699             | 9.0          | 24,401          | 10.7         | 117,791              | 13.2         |
| <b>TOTAL</b>       | <b>7,804</b>    | <b>100.0</b> | <b>227,097</b>  | <b>100.0</b> | <b>895,640</b>       | <b>100.0</b> |

Source: U.S. Department of Commerce, 2011-2015 American Community Survey.

## Educational Attainment Years of School Completed, Age 25 and Over

|  | Town of Windsor |              | Hartford County |              | State of Connecticut |              |
|--|-----------------|--------------|-----------------|--------------|----------------------|--------------|
|  | Number          | Percent      | Number          | Percent      | Number               | Percent      |
| Less than 9th grade                    | 549             | 2.6          | 28,945          | 4.7          | 105,725              | 4.3          |
| 9th to 12th grade                      | 1,065           | 5.1          | 39,821          | 6.4          | 144,132              | 5.9          |
| High School Graduate                   | 4,986           | 24.0         | 167,890         | 27.1         | 673,973              | 27.4         |
| Some College                           | 3,855           | 18.6         | 108,799         | 17.6         | 430,129              | 17.5         |
| Associate Degree                       | 2,203           | 10.6         | 48,350          | 7.8          | 183,289              | 7.4          |
| Bachelor Degree                        | 4,308           | 20.7         | 126,856         | 20.5         | 516,001              | 21.0         |
| Graduate or Professional Degree        | 3,796           | 18.3         | 97,803          | 15.8         | 409,606              | 16.6         |
| <b>TOTAL</b>                           | <b>20,762</b>   | <b>100.0</b> | <b>618,464</b>  | <b>100.0</b> | <b>2,462,855</b>     | <b>100.0</b> |
| Percent High School Graduate or Higher |                 | 92.2%        |                 | 88.9%        |                      | 89.9%        |
| Percent Bachelor's Degree or Higher    |                 | 39.0%        |                 | 36.3%        |                      | 37.6%        |

Source: U.S. Department of Commerce, 2011-2015 American Community Survey.

## Employment by Industry

|  | Town of Windsor |              | Hartford County |              | State of Connecticut |              |
|--|-----------------|--------------|-----------------|--------------|----------------------|--------------|
|  | Number          | Percent      | Number          | Percent      | Number               | Percent      |
| Agriculture, forestry, fisheries         | 0               | 0.0          | 971             | 0.2          | 7,214                | 0.4          |
| Construction                             | 767             | 5.0          | 20,326          | 4.6          | 100,593              | 5.6          |
| Manufacturing                            | 1,405           | 9.1          | 47,167          | 10.7         | 191,286              | 10.7         |
| Wholesale trade                          | 493             | 3.2          | 11,439          | 2.6          | 44,581               | 2.5          |
| Retail trade                             | 1,177           | 7.6          | 47,266          | 10.7         | 193,799              | 10.9         |
| Transportation & warehousing & utilities | 740             | 4.8          | 17,635          | 4.0          | 66,850               | 3.8          |
| Information                              | 299             | 1.9          | 10,130          | 2.3          | 41,486               | 2.3          |
| Finance, insurance, real estate          | 1,937           | 12.6         | 50,071          | 11.4         | 163,822              | 9.2          |
| Professional, scientific & management    | 1,823           | 11.8         | 47,097          | 10.7         | 199,942              | 11.2         |
| Educational, health & social services    | 4,178           | 27.1         | 116,493         | 26.5         | 471,587              | 26.5         |
| Arts, entertainment & recreation         | 1,073           | 7.0          | 32,621          | 7.4          | 153,516              | 8.6          |
| Other professional services              | 558             | 3.6          | 18,629          | 4.2          | 79,998               | 4.5          |
| Public Administration                    | 959             | 6.2          | 19,874          | 4.5          | 66,743               | 3.7          |
| <b>TOTAL</b>                             | <b>15,409</b>   | <b>100.0</b> | <b>439,719</b>  | <b>100.0</b> | <b>1,781,417</b>     | <b>100.0</b> |

Source: U.S. Department of Commerce, 2011-2015 American Community Survey.

## Major Employers

| Name of Employer | Nature of Entity                             | Estimated Number of Employees |
|------------------|--|-------------------------------|
| Hartford Life    | Financial Services                           | 2,200                         |
| VOYA             | Insurance and Financial Services             | 1,720                         |
| GE/Alstom Power  | Power plant engineering and customer support | 1,050                         |
| CIGNA            | Insurance (Data center)                      | 1,000                         |
| Town of Windsor  | General Government and Board of Education    | 880                           |
| Amazon.com       | Fulfillment center for online retailer       | 800                           |
| Walgreens        | Distribution center for retail drug stores   | 660                           |
| Eversource       | Utility                                      | 600                           |
| Waste Management | Waste Disposal and Recycling                 | 500                           |
| Konica Minolta   | Business equipment sales and support         | 450                           |

Source: Town of Windsor Economic Development Staff

## Unemployment Rate Statistics

| Yearly Average | Town of Windsor % | Hartford Labor Market % | State of Connecticut % | United States % |
|----------------|-------------------|-------------------------|------------------------|-----------------|
| 2007           | 4.2               | 4.7                     | 4.5                    | 4.6             |
| 2008           | 5.4               | 5.9                     | 5.7                    | 5.8             |
| 2009           | 7.7               | 8.1                     | 8.0                    | 9.3             |
| 2010           | 8.5               | 9.1                     | 9.0                    | 9.6             |
| 2011           | 8.4               | 8.9                     | 8.8                    | 9.0             |
| 2012           | 8.2               | 8.4                     | 8.3                    | 8.1             |
| 2013           | 7.7               | 7.9                     | 6.8                    | 7.4             |
| 2014           | 6.4               | 6.6                     | 6.6                    | 6.2             |
| 2015           | 5.4               | 5.6                     | 5.6                    | 5.3             |
| 2016           | 4.9               | 5.1                     | 5.1                    | 4.9             |
| 2017 Monthly   |                   |                         |                        |                 |
| January        | 5.1               | 5.4                     | 5.4                    | 5.1             |

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

## Number and Value of Building Permits

| Fiscal Year | Residential (1)   |              | Non-Residential   |               | All Other (1)     |              | Total             |               |
|-------------|-------------------|--------------|-------------------|---------------|-------------------|--------------|-------------------|---------------|
|             | Number of Permits | Value        | Number of Permits | Value         | Number of Permits | Value        | Number of Permits | Value         |
| 2017 (2)    | 12                | \$ 2,180,925 | 309               | \$ 17,878,342 | 983               | \$ 7,985,591 | 1,304             | \$ 28,044,858 |
| 2016        | 20                | 4,166,550    | 475               | 36,469,735    | 1,787             | 13,974,349   | 2,282             | 54,610,634    |
| 2015        | 21                | 4,300,477    | 529               | 42,200,808    | 1,466             | 11,290,593   | 2,016             | 57,791,878    |
| 2014        | 20                | 4,184,575    | 406               | 112,575,131   | 1,455             | 9,480,348    | 1,881             | 126,240,054   |
| 2013        | 9                 | 1,564,150    | 433               | 121,965,417   | 1,287             | 9,052,796    | 1,729             | 132,582,363   |
| 2012        | 8                 | 1,641,325    | 422               | 22,128,336    | 1,473             | 10,652,096   | 1,903             | 34,421,757    |
| 2011        | 6                 | 1,078,050    | 412               | 39,345,785    | 1,261             | 8,336,940    | 1,679             | 48,760,775    |
| 2010        | 95                | 13,799,191   | 403               | 52,647,142    | 1,325             | 9,815,096    | 1,823             | 76,261,429    |
| 2009        | 19                | 2,771,448    | 378               | 61,878,140    | 1,210             | 10,966,397   | 1,607             | 75,615,985    |
| 2008        | 60                | 9,964,140    | 477               | 121,593,104   | 1,132             | 8,652,111    | 1,669             | 140,209,355   |

(1) Residential permits figures are for new homes only. All Other permits figures are for all other residential permit activity.

(2) As of February 28, 2017.

Source: Town of Windsor, Office of Building Inspections.

## Number of Dwelling Units

| 2015   | 2010   | 2000   | 1990   | 1980  | % Increase<br>2000-2015 | % Increase<br>1980-2015 |
|--------|--------|--------|--------|-------|-------------------------|-------------------------|
| 11,671 | 11,767 | 10,900 | 10,279 | 8,793 | 7.07%                   | 43.23%                  |

Source: U.S. Department of Commerce, Bureau of Census and 2011-2015 American Community Survey.

## Characteristics of Housing Units (Owner-occupied)

|                    | Town of Windsor |              | Hartford County |              | State of Connecticut |              |
|--------------------|-----------------|--------------|-----------------|--------------|----------------------|--------------|
|                    | Number          | Percent      | Number          | Percent      | Number               | Percent      |
| \$ 0 to \$ 50,000  | 194             | 2.2          | 6,300           | 2.8          | 24,620               | 2.7          |
| 50,000 to 99,999   | 225             | 2.5          | 7,343           | 3.3          | 28,771               | 3.2          |
| 100,000 to 149,999 | 869             | 9.8          | 24,757          | 11.1         | 78,066               | 8.6          |
| 150,000 to 199,999 | 2,159           | 24.3         | 44,151          | 19.7         | 140,544              | 15.5         |
| 200,000 to 299,999 | 4,034           | 45.4         | 73,415          | 32.8         | 251,106              | 27.7         |
| 300,000 to 499,999 | 1,290           | 14.5         | 52,651          | 23.5         | 235,670              | 26.0         |
| 500,000 to 999,999 | 113             | 1.3          | 13,718          | 6.1          | 106,965              | 11.8         |
| 1,000,000 and over | 7               | 0.1          | 1,665           | 0.7          | 40,485               | 4.5          |
| <b>TOTAL</b>       | <b>8,891</b>    | <b>100.0</b> | <b>224,000</b>  | <b>100.0</b> | <b>906,227</b>       | <b>100.0</b> |
| Median Values      | \$223,100       |              | \$236,400       |              | \$270,500            |              |

Source: U.S. Department of Commerce, 2011-2015 American Community Survey.

## Age Distribution of Housing

| Year Built      | Town of Windsor |              | Hartford County |              | State of Connecticut |              |
|-----------------|-----------------|--------------|-----------------|--------------|----------------------|--------------|
|                 | Number          | Percent      | Number          | Percent      | Number               | Percent      |
| 1939 or earlier | 1,718           | 14.7         | 71,510          | 19.1         | 331,829              | 22.2         |
| 1940 – 1949     | 845             | 7.2          | 32,494          | 8.7          | 105,253              | 7.1          |
| 1950 – 1959     | 2,326           | 19.9         | 68,048          | 18.2         | 230,868              | 15.5         |
| 1960 – 1969     | 1,272           | 10.9         | 54,371          | 14.5         | 200,380              | 13.4         |
| 1970 – 1979     | 2,061           | 17.7         | 48,957          | 13.1         | 199,447              | 13.4         |
| 1980 – 1989     | 1,886           | 16.2         | 49,310          | 13.2         | 193,595              | 13.0         |
| 1990 – 1999     | 706             | 6.0          | 25,125          | 6.7          | 115,076              | 7.7          |
| 2000 – 2009     | 831             | 7.1          | 22,865          | 6.1          | 103,911              | 7.0          |
| 2010 – 2013     | 26              | 0.2          | 1,631           | 0.4          | 10,812               | 0.7          |
| 2014 or later   | 0               | 0.0          | 142             | 0.0          | 615                  | 0.0          |
| <b>TOTAL</b>    | <b>11,671</b>   | <b>100.0</b> | <b>374,453</b>  | <b>100.0</b> | <b>1,491,786</b>     | <b>100.0</b> |

Source: U.S. Department of Commerce, 2011-2015 American Community Survey.

## Breakdown of Land Use

| Land Use Category | Total Acreage    |               | Developed Acreage by Land Use |               | Undeveloped Acreage |               |
|-------------------|------------------|---------------|-------------------------------|---------------|---------------------|---------------|
|                   | By Zoning        | Percent       | Land Use                      | Percent       | Acreage             | Percent       |
| Residential       | 7,404.43         | 44.9%         | 6,380.92                      | 60.8%         | 1,023.51            | 17.1%         |
| Commercial        | 2,188.95         | 13.3%         | 1,206.68                      | 11.5%         | 982.27              | 16.4%         |
| Industrial        | 1,870.61         | 11.3%         | 1,523.63                      | 14.5%         | 346.98              | 5.8%          |
| Other             | 5,021.18         | 30.5%         | 1,387.71                      | 13.2%         | 3,633.47            | 60.7%         |
| <b>Total Area</b> | <b>16,485.17</b> | <b>100.0%</b> | <b>10,498.94</b>              | <b>100.0%</b> | <b>5,986.23</b>     | <b>100.0%</b> |

Source: Assessor's CAMA tax database as of October 2016.

## SECTION IV - INDEBTEDNESS

### Computation of Statutory Debt Limit

As of May 4, 2017 (Pro Forma)

|  |               |
|--|---------------|
| Total Receipts for fiscal year ended June 30, 2016<br>(including interest and lien fees) | \$ 92,345,514 |
| State Reimbursement for Revenue Loss on:<br>Tax Relief for Elderly                       | -             |
| Base for Establishing Debt Limit   | \$ 92,345,514 |

#### Debt Limit (1)

|                   | General<br>Purpose | Schools        | Sewers         | Urban<br>Renewal | Past<br>Pension | Total<br>Debt  |
|-------------------|--------------------|----------------|----------------|------------------|-----------------|----------------|
| (2.25 times base) | \$ 207,777,407     |                |                |                  |                 |                |
| (4.50 times base) |                    | \$ 415,554,813 |                |                  |                 |                |
| (3.75 times base) |                    |                | \$ 346,295,678 |                  |                 |                |
| (3.25 times base) |                    |                |                | \$ 300,122,921   |                 |                |
| (3.00 times base) |                    |                |                |                  | \$ 277,036,542  |                |
| (7.00 times base) |                    |                |                |                  |                 | \$ 646,418,598 |

#### Indebtedness (Including the Bonds)

|  |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Bonds Payable  | \$ 23,161,000  | \$ 10,319,000  | \$ -           | \$ -           | \$ -           | \$ 33,480,000  |
| The Refunded Bonds   | (5,838,000)    | (3,662,000)    |                |                |                | (9,500,000)    |
| The Bonds ( <i>This Issue</i> )                            | 5,657,000      | 3,568,000      | -              | -              | -              | 9,225,000      |
| Notes Payable  | 280,000        | 170,000        | -              | -              | -              | 450,000        |
| Overlapping and<br>Underlying Debt (2)                     | -              | -              | 79,285,785     | -              | -              | 79,285,785     |
| Authorized but<br>Unissued Debt                            | 4,260,000      | 1,685,000      | -              | -              | -              | 5,945,000      |
| Total Indebtedness   | 27,520,000     | 12,080,000     | 79,285,785     | -              | -              | 118,885,785    |
| Less:  |                |                |                |                |                |                |
| School grants receivable                                   | -              | -              | -              | -              | -              | -              |
| Total Net Indebtedness                                     | 27,520,000     | 12,080,000     | 79,285,785     | -              | -              | 118,885,785    |
| Excess of Limit Over<br>Outstanding and<br>Authorized Debt | \$ 180,257,407 | \$ 403,474,813 | \$ 267,009,892 | \$ 300,122,921 | \$ 277,036,542 | \$ 527,532,813 |

(1) Under Connecticut General Statutes, Town debt cannot exceed \$646,418,598 or seven times the debt limit base.

(2) Overlapping and underlying debt as of December 31, 2016. (See "Overlapping and Underlying Indebtedness" herein).

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## Calculation of Net Direct Indebtedness

As of May 4, 2017 (Pro Forma)

|  |                       |
|--|-----------------------|
| <b>Long-Term Indebtedness (1)</b>                            |                       |
| The Bonds ( <i>This Issue</i> )                              | \$ 9,225,000          |
| The Refunded Bonds   | (9,500,000)           |
| General Purpose  | 23,161,000            |
| Schools  | 10,319,000            |
| <b>Total Long-Term Indebtedness</b>                          | <u>33,205,000</u>     |
| <b>Short-Term Indebtedness</b>                               |                       |
| Notes Payable  | 450,000               |
| <b>Total Direct Indebtedness</b>                             | <u>33,655,000</u>     |
| <b>Exclusions</b>  | -                     |
| <b>Total Net Direct Indebtedness</b>                         | <u>33,655,000</u>     |
| <b>Total Underlying and Net Overlapping Indebtedness (2)</b> | <u>79,285,785</u>     |
| <b>Total Net Direct and Net Overlapping Indebtedness</b>     | <u>\$ 112,940,785</u> |

(1) Does not include authorized but unissued debt of \$5,945,000. See "Authorized but Unissued Debt" herein for a complete list of all projects currently authorized by the Town.

(2) Overlapping and underlying debt as of December 31, 2016. (See "Overlapping and Underlying Indebtedness" herein).

## Current Debt Ratios

As of May 4, 2017 (Pro Forma)

|   |                 |
|---|-----------------|
| Total Direct Indebtedness                                 | \$33,655,000    |
| Total Net Direct Indebtedness                             | \$33,655,000    |
| Total Net Direct and Net Overlapping Indebtedness         | \$112,940,785   |
| Population (1)  | 29,095          |
| Net Taxable Grand List (10/1/15)                          | \$2,924,298,305 |
| Estimated Full Value                                      | \$4,177,569,007 |
| Equalized Net Taxable Grand List (2014) (2)               | \$4,259,039,357 |
| Per Capita Income (2015) (1)                              | \$36,322        |
| <b>Total Direct Indebtedness:</b>                         |                 |
| Per Capita  | \$1,156.73      |
| To Net Taxable Grand List                                 | 1.15%           |
| To Estimated Full Value                                   | 0.81%           |
| To Equalized Net Taxable Grand List                       | 0.79%           |
| Per Capita to Per Capita Income                           | 3.18%           |
| <b>Total Net Direct Indebtedness:</b>                     |                 |
| Per Capita  | \$1,156.73      |
| To Net Taxable Grand List                                 | 1.15%           |
| To Estimated Full Value                                   | 0.81%           |
| To Equalized Net Taxable Grand List                       | 0.79%           |
| Per Capita to Per Capita Income                           | 3.18%           |
| <b>Total Net Direct and Net Overlapping Indebtedness:</b> |                 |
| Per Capita  | \$3,881.79      |
| To Net Taxable Grand List                                 | 3.86%           |
| To Estimated Full Value                                   | 2.70%           |
| To Equalized Net Taxable Grand List                       | 2.65%           |
| Per Capita to Per Capita Income                           | 10.69%          |

(1) U.S. Department of Commerce, 2011-2015 American Community Survey.

(2) Office of Policy and Management, State of Connecticut.

## Historical Debt Statement

|   | <b>2015-16</b>   | <b>2014-15</b>   | <b>2013-14</b>   | <b>2012-13</b>   | <b>2011-12</b>   |
|---|------------------|------------------|------------------|------------------|------------------|
| Population (1)                              | 29,095           | 29,095           | 29,095           | 29,095           | 29,095           |
| Net taxable grand list                      | \$ 2,849,933,303 | \$ 2,838,103,716 | \$ 3,013,897,453 | \$ 2,907,640,693 | \$ 2,811,979,697 |
| Estimated full value                        | \$ 4,071,333,290 | \$ 4,054,433,880 | \$ 4,305,567,790 | \$ 4,153,772,419 | \$ 4,017,113,853 |
| Equalized net taxable grand list (2)        | \$ 4,259,039,357 | \$ 4,047,961,669 | \$ 4,026,160,993 | \$ 4,026,157,221 | \$ 4,003,835,033 |
| Per capita income (1)                       | \$ 36,322        | \$ 36,322        | \$ 36,322        | \$ 36,322        | \$ 36,322        |
| Short-term debt                             | \$ 450,000       | \$ 420,000       | \$ -             | \$ 1,670,000     | \$ 800,000       |
| Long-term debt                              | \$ 38,520,000    | \$ 39,765,000    | \$ 39,390,000    | \$ 39,140,000    | \$ 38,470,000    |
| Total Direct Indebtedness                   | \$ 38,970,000    | \$ 40,185,000    | \$ 39,390,000    | \$ 40,810,000    | \$ 39,270,000    |
| Net Direct Indebtedness                     | \$ 38,970,000    | \$ 40,185,000    | \$ 39,335,625    | \$ 40,700,371    | \$ 38,996,366    |
| Net Direct and Net Overlapping Indebtedness | \$ 118,862,703   | \$ 91,995,896    | \$ 95,305,326    | \$ 84,585,946    | \$ 71,200,344    |

(1) U.S. Department of Commerce, 2011-2015 American Community Survey.

(2) Office of Policy and Management, State of Connecticut.

## Historical Debt Ratios

|   | <b>2015-16</b> | <b>2014-15</b> | <b>2013-14</b> | <b>2012-13</b> | <b>2011-12</b> |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Total Direct Indebtedness:</b>                   |                |                |                |                |                |
| Per capita  | \$1,339.41     | \$1,381.17     | \$1,353.84     | \$1,402.65     | \$1,349.72     |
| To net taxable grand list                           | 1.37%          | 1.42%          | 1.31%          | 1.40%          | 1.40%          |
| To estimated full value                             | 0.96%          | 0.99%          | 0.91%          | 0.98%          | 0.98%          |
| To equalized net taxable grand list                 | 0.91%          | 0.99%          | 0.98%          | 1.01%          | 0.98%          |
| Debt per capita to per capita income                | 3.69%          | 3.80%          | 3.73%          | 3.86%          | 3.72%          |
| <b>Net Direct Indebtedness:</b>                     |                |                |                |                |                |
| Per capita  | \$1,339.41     | \$1,381.17     | \$1,351.97     | \$1,398.88     | \$1,340.31     |
| To net taxable grand list                           | 1.37%          | 1.42%          | 1.31%          | 1.40%          | 1.39%          |
| To estimated full value                             | 0.96%          | 0.99%          | 0.91%          | 0.98%          | 0.97%          |
| To equalized net taxable grand list                 | 0.91%          | 0.99%          | 0.98%          | 1.01%          | 0.97%          |
| Debt per capita to per capita income                | 3.69%          | 3.80%          | 3.72%          | 3.85%          | 3.69%          |
| <b>Net Direct and Net Overlapping Indebtedness:</b> |                |                |                |                |                |
| Per capita  | \$4,085.33     | \$3,161.91     | \$3,275.66     | \$2,907.23     | \$2,447.17     |
| To net taxable grand list                           | 4.17%          | 3.24%          | 3.16%          | 2.91%          | 2.53%          |
| To estimated full value                             | 2.92%          | 2.27%          | 2.21%          | 2.04%          | 1.77%          |
| To equalized net taxable grand list                 | 2.79%          | 2.27%          | 2.37%          | 2.10%          | 1.78%          |
| Debt per capita to per capita income                | 11.25%         | 8.71%          | 9.02%          | 8.00%          | 6.74%          |

## Outstanding Short-Term Indebtedness

The Town has \$450,000 in short-term indebtedness outstanding maturing on June 22, 2017. (See "Authorized but Unissued Debt" herein).



**Overlapping and Underlying Indebtedness**

Metropolitan District Commission:

Windsor is a member of the Metropolitan District Commission ("MDC") along with the City of Hartford and the towns of Rocky Hill, Bloomfield, East Hartford, Newington, West Hartford, and Wethersfield.

| Amount of<br>Outstanding Debt | Less<br>Exclusions (1) | Total Net<br>Overlapping Debt | of Net Debt<br>Charged to Town | Town Net<br>Overlapping Debt (2) |
|-------------------------------|------------------------|-------------------------------|--------------------------------|----------------------------------|
| \$ 1,402,525,698              | \$ 495,365,681         | \$ 907,160,017                | 8.74%                          | \$ 79,285,785                    |

(1) Debt for water purposes or supply of electricity.

(2) As of December 31, 2016.

Each year the District adopts a Capital Improvement Program ("CIP") for its capital infrastructure and facility needs. The program requires a series of decisions about the amount, timing, purpose and structure of debt issuance. Annual capital project appropriations and the issuance of debt are approved in accordance with budgetary policies and procedures as presented under the Budget Procedure and Policy of Debt Administration. The Finance Department manages all District borrowings, paying particular attention to debt affordability and timing of borrowings to take advantage of favorable market conditions. The goal is to repay debt rapidly, maintain a conservative level of outstanding debt, and ensure the District's continued positive financing standing in the bond market. For 2017, the CIP continues to focus on implementing a comprehensive asset management program for wastewater, water and combined programs.

The District has also initiated a comprehensive Clean Water Project. The Project combines the elimination of sanitary sewer overflows, the design and construction of a combined sewer overflow Long-Term Plan and the treatment and reduction of nitrogen from the water pollution control facilities. The Project was originally estimated to cost \$2.1 billion and have a 15 year implementation requirement. An appropriation of \$800 million was authorized by the Member Municipalities at a referendum in November 2006. Approval for an additional \$800 million was authorized by the Member Municipalities at a referendum on November 6, 2012. The Project will require submission of a further appropriation for approval by voters. A Special Sewer Service Surcharge, adopted in October 2007 and implemented in January 2008, will be used exclusively for the payment of debt service on bonds and loans issued to finance the Project. The District's goal is to fund project costs with State and Federal grants and State and Federal low-cost loans as they become available, and open market debt. Bonds and loans that are solely supported by the Special Sewer Service Surcharge will not be included in the calculation of overlapping debt of the Member Municipalities.

Source: MDC

Fire Districts:

Windsor has two underlying special tax districts, Wilson Fire District and Windsor Fire District. As of June 30, 2016 the Windsor Fire District and the Wilson Fire District have no outstanding debt.

**Legal Requirements for Approval of Borrowing**

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Under the Town Charter, Town Meeting approval is required when bonds or notes, except tax anticipation notes, are issued in excess of 2% of the tax levy. An ordinance providing for the sale or purchase of real estate valued in excess of \$10,000 must be adopted at a Town Meeting by a vote of the majority. Borrowing and additional appropriations in excess of 3% of the tax levy require approval by referendum.

## **Temporary Financing**

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20<sup>th</sup> (1/30<sup>th</sup> for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15<sup>th</sup> of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

## **Capital Improvement Program**

Under Town Charter, the Town Manager annually submits an updated six-year capital improvement program. The plan is a systematic program to add or replace capital items for each department within the General Government and Board of Education. The proposed 2018-2023 Plan includes projects totaling \$169,230,400. A copy of the most recent capital improvement program is available from the Town Manager's Office.

## **School Projects**

Pursuant to Public Act No. 97-11, the State of Connecticut provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996.

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## Authorized but Unissued Debt

The following is a list of all of the projects for which the Town has outstanding bond authorizations:

| Projects   | Amount Authorized   | Prior Bonds       | Notes Outstanding | Paydowns/ Grants  | Authorized But Unissued |
|--|---------------------|-------------------|-------------------|-------------------|-------------------------|
| Batchelder Rd. & Mechanic St.<br>Pavement Rehabilitation | \$ 770,000          | \$ 350,000        | \$ 280,000        | \$ 140,000        | \$ -                    |
| Clover St. Elementary School Partial<br>Roof Replacement | 360,000             | 190,000           | 170,000           | -                 | -                       |
| Stone Rd. Rehabilitation Phase II                        | 345,000             | -                 | -                 | -                 | 345,000                 |
| DHP Pedestrian Circulation                               | 190,000             | -                 | -                 | -                 | 190,000                 |
| Stormwater Management Program                            | 305,000             | -                 | -                 | -                 | 305,000                 |
| Public Safety Complex Phase I                            | 2,700,000           | -                 | -                 | -                 | 2,700,000               |
| SCBA Replacements  | 720,000             | -                 | -                 | -                 | 720,000                 |
| Oliver Ellsworth School Heating System                   | 1,685,000           | -                 | -                 | -                 | 1,685,000               |
| <b>Total</b>   | <b>\$ 7,075,000</b> | <b>\$ 540,000</b> | <b>\$ 450,000</b> | <b>\$ 140,000</b> | <b>\$ 5,945,000</b>     |

## Combined Schedule of Long Term Debt through Maturity

As of May 4, 2017 (Pro Forma)

| Fiscal Year | Principal Payments (1) | Interest Payments   | Total Debt Service (1) | Refunded Bonds Principal Payments | The Bonds Principal Payments | All Issues Principal (1) |
|-------------|------------------------|---------------------|------------------------|-----------------------------------|------------------------------|--------------------------|
| 2017 (1)    | \$ 5,850,000           | \$ 1,033,996        | \$ 6,883,996           | \$ -                              | \$ -                         | \$ 5,850,000             |
| 2018        | 5,690,000              | 841,556             | 6,531,556              | (350,000)                         | 365,000                      | 5,705,000                |
| 2019        | 5,350,000              | 659,313             | 6,009,313              | (2,950,000)                       | 2,870,000                    | 5,270,000                |
| 2020        | 5,345,000              | 493,125             | 5,838,125              | (2,845,000)                       | 2,775,000                    | 5,275,000                |
| 2021        | 4,380,000              | 356,563             | 4,736,563              | (1,235,000)                       | 1,200,000                    | 4,345,000                |
| 2022        | 3,275,000              | 266,393             | 3,541,393              | (1,170,000)                       | 1,130,000                    | 3,235,000                |
| 2023        | 3,225,000              | 181,118             | 3,406,118              | (820,000)                         | 785,000                      | 3,190,000                |
| 2024        | 2,240,000              | 115,488             | 2,355,488              | (130,000)                         | 100,000                      | 2,210,000                |
| 2025        | 1,230,000              | 68,838              | 1,298,838              |                                   |                              | 1,230,000                |
| 2026        | 805,000                | 43,050              | 848,050                |                                   |                              | 805,000                  |
| 2027        | 775,000                | 24,700              | 799,700                |                                   |                              | 775,000                  |
| 2028        | 355,000                | 7,100               | 362,100                |                                   |                              | 355,000                  |
|             | <b>\$ 38,520,000</b>   | <b>\$ 4,091,240</b> | <b>\$ 42,611,240</b>   | <b>\$ (9,500,000)</b>             | <b>\$ 9,225,000</b>          | <b>\$ 38,245,000</b>     |

(1) Does not reflect principal payments of \$5,040,000 made as of May 4, 2017.

Source: Annual audit financial statements.

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## SECTION V - FINANCIAL DATA

### Accounting Policies

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements (Appendix A).

### Basis of Accounting

See "Measurement Focus, Basis of Accounting and Financial Statement Presentation" under Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements (Appendix A).

### Audit

Pursuant to the provisions of the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes) and the Town of Windsor Charter, the Town is obligated to undergo an annual examination by an independent certified public accountant. The current auditors, RMS US LLP, of New Haven, Connecticut were appointed by the Town Council and are required to conduct their examination under the guidelines issued by the State of Connecticut Office of Policy & Management, who receive a copy of said Audit Report when completed.

The most recent annual audit covers the fiscal year ended June 30, 2016, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are the Town's Basic Financial Statements, Notes to the Financial Statements and Required Supplemental Information, together with the report of the independent auditor as prepared by RSM US LLP, independent certified public accountants. The information contained in "Appendix A" is not the whole audit report. Individuals wishing a complete document should contact the Finance Director of the Town of Windsor, Connecticut.

### Certificate of Achievement for Excellence in Financial Reporting

The Town of Windsor's Comprehensive Annual Financial Reports ("CAFR") for fiscal years 1985 through 2016 were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Financial Officers Association of the United States and Canada ("GFOA"). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

### Budgetary Procedure

The Town follows the following procedure in establishing the budgetary data included in the General Fund. No later than April 1st the Town Manager shall present to the Council a budget and recommendations. The Council shall hold one or more public hearings no later than April 15th, at which time any elector or taxpayer may be heard regarding appropriations for the ensuing fiscal year. On the second Monday in May, the Town Council submits to an adjourned Town meeting (referendum) and approves proposed expenditures and the means of financing them.

| <u>On or About</u> | <u>Day of Week</u> | <u>Action</u>  |
|--------------------|--------------------|--|
| February 6, 2017   | Monday             | Public Hearing by Town Council to hear budget requests from citizens.  |
| March 24, 2017     | Friday             | Estimated receipts and expenditures submitted to Council by Town Manager and Board of Education. (Proposed Budget)                           |
| April 3, 2017      | Monday             | Public Hearing by Council to hear expression of public opinion regarding budget submitted to Council by Town Manager and Board of Education. |
| May 9, 2017        | Tuesday            | Annual Town Budget Referendum held; budget adopted.  |
| May 15, 2017       | Monday             | Regular Town Council Meeting; Council sets tax rate.   |
| June 21, 2017      | Wednesday          | Tax bill mailing completed.  |
| June 30, 2017      | Monday             | End of Fiscal Year.  |
| July 1, 2017       | Tuesday            | Taxes for fiscal year 2018 due and payable; fiscal year 2018 budget becomes effective.   |

All unencumbered appropriations lapse at year-end, except those for the Capital Projects Fund and certain special revenue grants. Appropriations for Capital Projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

All unencumbered appropriations lapse at year-end, except those for the Capital Projects Fund and certain special revenue grants. Appropriations for Capital Projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Section 207 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 42 of Public Act No. 16-2 (May 2016 Spec. Sess.) and Section 189(h) of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the "Act") created a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the Act. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the Act and if so the amount by which the cap was exceeded. For the fiscal year ending June 30, 2018, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 32 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year commencing October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for said assessment year was 32 mills.

### Supplemental Appropriations

Under the Town Charter, any appropriation in excess of 1% of the tax levy in addition to or supplementary to the annual budget requires approval at a Town Meeting. An ordinance providing for the sale or purchase of real estate valued in excess of \$10,000 must be adopted at a Town Meeting by a vote of the majority. Borrowings and additional appropriations in excess of 3% of the tax levy require approval by referendum.

### Employee Pension Systems

The Town of Windsor maintains the Town's retirement plan, a single-employer, defined benefit public employee retirement system ("PERS"), that covers substantially all of its employees except police officers and the certified faculty and administrative personnel of the Board of Education. The Town funds its pension liability each year based on the recommendation of an independent actuary.

The Town has implemented Government Accounting Standards Board's (GASB) Statement No. 67 effective Fiscal Year 2014. Net position is based on fair market value as of June 30 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to July 1, 2015. The date of the Town's most recent actuarial valuation was July 1, 2016.

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town as of June 30 were as follows:

|  | 2016                 | 2015                | 2014                |
|--|----------------------|---------------------|---------------------|
| Total pension liability  | \$ 76,623,899        | \$ 72,603,024       | \$ 69,655,000       |
| Plan fiduciary net position                                      | <u>61,248,642</u>    | <u>64,485,105</u>   | <u>65,167,000</u>   |
| Net pension liability  | <u>\$ 15,375,257</u> | <u>\$ 8,117,919</u> | <u>\$ 4,488,000</u> |
| Plan fiduciary net position as a %<br>of total pension liability | 79.93%               | 88.82%              | 93.56%              |

The following represents the net pension liability of the Town, calculated using the discount rate of 7.375%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.375%) or 1 percentage point higher (8.375%) than the current rate:

|                       | 1% Decrease<br>6.375% | Current<br>Discount Rate<br>7.375% | 1% Increase<br>8.375% |
|-----------------------|-----------------------|------------------------------------|-----------------------|
| Net Pension Liability | \$ 24,424,372         | \$ 15,375,257                      | \$ 7,797,467          |

Based upon a July 1, 2016 actuarial valuation, the actuarial value of assets and actuarial liabilities for the PERS plan were as follows:

#### Schedule of Funding Progress

| Actuarial<br>Valuation<br>July 1 | Actuarial<br>Value<br>of Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b) - (a) | Percentage<br>Funded<br>Ratio<br>(a) / (b) |
|----------------------------------|--|---|--|--|
| 2012                             | \$ 59,251,864                          | \$ 58,623,672                                     | \$ (628,192)                           | 101.1                                      |
| 2013 (1)                         | 62,034,394                             | 66,628,676  | 4,594,282                              | 93.1                                       |
| 2014                             | 65,167,454                             | 69,668,604  | 4,501,150                              | 93.5                                       |
| 2015 (2)                         | 67,591,835                             | 73,630,924  | 6,039,089                              | 91.8                                       |
| 2016 (3)                         | 68,342,306                             | 77,373,867  | 9,031,561                              | 88.3                                       |

#### Schedule of Employer Contributions

| Fiscal Year | Actuarial<br>Required<br>Contribution | Actual<br>Contribution | Percentage<br>Contributed |
|-------------|---------------------------------------|------------------------|---------------------------|
| 2014        | \$ 1,311,760                          | \$ 1,311,760           | 100.0                     |
| 2015 (1)    | 998,378                               | 998,378                | 100.0                     |
| 2016 (1)    | 1,026,539                             | 1,026,539              | 100.0                     |
| 2017 (2)    | 1,054,742                             | 1,054,742              | 100.0                     |
| 2018 (2,3)  | 1,196,328                             | 1,196,328              | 100.0                     |

- (1) Increase in Actuarial Accrued Liability and the decrease in Actuarial Required Contribution is due to changes in the actuarial funding method from Projected Unit Credit to Entry Age Normal, and the plan's interest rate assumption lowered from 7.75% to 7.5%. The reason for these changes is to allow for consistency with new standards set forth in GASB Statement No. 67 as well as Actuarial Standards of Practice recommendations.
- (2) For the actuarial valuation dated July 1, 2015, the plan's interest rate assumption was lowered from 7.5% to 7.375%, and for the actuarial valuation dated July 1, 2016, the plan's interest rate assumption was lowered from 7.375% to 7.25%. These interest rates have been reduced to comply with Actuarial Standards of Practice as well as to better anticipate future plan experience.
- (3) The actuarial required contribution ("ARC") as provided by the Town's actuary. The Town contributes 100% of the ARC, which they have done historically.

For further details on the plans, see Appendix A, "Notes to General Purpose Financial Statements".

All uniformed police officers are covered under the State administered Municipal Employee Retirement Fund B ("CMERS"), a defined benefit cost-sharing multi-employer cost sharing public employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to employees and beneficiaries of participating municipalities. The Town's General Fund expenditure for its share of the CMERS cost was \$790,730 for the fiscal year ending June 30, 2016. The Town is projecting \$823,360 for its share of the CMERS cost for fiscal year ending June 30, 2017, and is proposing \$862,590 for the fiscal year 2018 budget commencing on July 1, 2017.

As of FY 2012, newly hired employees in the Teamsters, Public Safety Dispatchers bargaining unit as well as the non-affiliated employee group were required to participate in the Town of Windsor 401(a) defined contribution plan. The Town's contribution is 5% of annual income, and new hires are required to contribute 5% of annual income for these three groups. The contribution rate for defined benefit plan participants was increased to 4% of annual income.

As of FY 2014, newly hired employees of the Town of Windsor Board of Education (with the exception of certified faculty and administrative personnel) were required to participate in a 401(a) defined contribution plan. The Board of Education's contribution is 5% of annual income, and new hires are required to contribute 5% of annual income. The contribution rate for the defined benefit plan was increased to 3.25% of annual income.

As of FY 2016 the contribution rate for the defined benefit plan for the General Government Non-Affiliated and Public Safety Dispatchers was increased to 4.50%.

In FY 2017, the contribution rate for the defined benefit plan for the General Government Non-Affiliated and Public Safety Dispatchers was increased to 4.75%, and the Teamsters bargaining unit increased their contribution rate to 4.5%. Board of Education Non-Affiliated and bargaining unit members' contribution rate was increased from 3.25% to 4.0%.

The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the Connecticut State Teachers' Retirement Board. The Board of Education does not contribute to the plan. The actuarial present value of accumulated plan benefits for this plan is not available. For further discussion on the plans, see "Appendix A, Note 8 to Financial Statements" herein.

### **Other Post-Employment Benefits**

The Town provides limited post-employment health care benefits for retired employees. Substantially all of the Town's employees are eligible for these benefits when they become eligible for retirement, provided they have no other insurance available to them after retirement. The Town currently finances the cost of these benefits on a pay-as-you-go basis. The cost for the 2016 fiscal year was \$725,666. The cost for the 2017 fiscal year is estimated to be \$844,500 and proposed at \$913,040 for the 2018 fiscal year. An actuarial consultant has performed an actuarial valuation of this liability in accordance with GASB Statement No. 45 requirements effective for the fiscal year beginning July 1, 2015. The unfunded accrued liability as calculated by the actuary for the valuation report dated July 1, 2015 is \$52,268,477. A trust fund was established on July 1, 2015 and a strategic plan was developed for the purpose of accumulating assets with which to pay such benefits in future years. The town deposited \$390,000 into the trust for fiscal year 2015, \$350,000 for fiscal year 2016, \$450,000 for fiscal year 2017 and a deposit of \$550,000 is proposed for FY 2018.

The Town attempts to mitigate employee and retiree health care costs when negotiating with collective bargaining units. In order to be eligible for health insurance after retirement, employees from the three town bargaining units must not have other coverage available to them through a subsequent employer or a spouse. Retirees are able to select from the plans available to current employees at any given time, as they may change from time to time.

For retiree health insurance, employees in the Public Works and Clerical bargaining unit hired prior to July 1, 2008, will pay the same percentage towards the allocation rate as active employees to a maximum of 25%. Employees hired after July 1, 2008 and before November 1, 2011, will pay the same percentage towards the allocation rate as active employees to a maximum of 25% for the retiree only coverage and 50% for the retiree's spouse, if eligible. Retirees hired after November 1, 2011, will pay the same percentage towards the allocation rate as active employees. If eligible, the spouse may elect to continue coverage at their own expense. The employee share of the allocation rate for health insurance for members of the Public Works and Clerical bargaining unit has increased from 15% in fiscal year 2014 to 18% for fiscal year 2017, and the Town's contribution has decreased from 85% to 82%. The employee share will increase to 19% in fiscal year 2018 and the town's share will decrease to 81%.

For employees in the Public Safety Dispatcher bargaining unit hired prior to January 1, 2007, the retiree will pay the same percentage towards the allocation rate as active employees to a maximum of 25%. Employees hired after January 1, 2007, and before July 1, 2011 will pay the same percentage towards the allocation rate as active employees to a maximum of 25% for retiree coverage only and 40% for the retiree's spouse, if eligible. Retirees hired after July 1, 2011, will pay the same percentage towards the allocation rate as active employees. If eligible, the spouse may elect to continue coverage at their own expense. Effective July 1, 2015, the employee share of the allocation rate for health insurance for members of the Public Safety Dispatchers bargaining unit was increased from 18% to 19% of the full premium cost, and the Town's contribution was decreased from 82% to 81%. The employee share will increase to 19.5% in fiscal year 2018 and to 20% in fiscal year 2019.

Employees retiring from the Windsor Police Department Employees Association ("WPDEA") bargaining unit pay the same percentage towards the allocation rate for health insurance as active employees to a maximum of 25%. The employee share of the allocation rate for health insurance for members of the WPDEA bargaining unit has increased from 17% in fiscal year 2014 to 19.5% in fiscal year 2017, and the Town's allocation has decreased from 83% to 80.5%. The employee share will increase to 20% in fiscal year 2018 and 21% in fiscal year 2019.

The health insurance plan offered to members of the WPDEA and Public Safety Dispatchers bargaining units hired after November 2016 and February 2017, respectively, will be the high deductible health plan and the employee share of the allocation rate is 16% for fiscal year 2017 and the town share is 84%.

Non-affiliated retirees hired prior to 2009 and retiring after March 1, 2013, will pay the same percentage towards the allocation rate for health insurance as active employees to a maximum of 25%. Retirees who were hired after July 1, 2009 will pay 25% towards the allocation rate for retiree coverage only and 50% of the allocation rate for their spouse, if eligible. Retirees hired after March 1, 2013, will pay the same percentage towards the allocation rate as active employees. If eligible, the spouse may elect to continue coverage at their own expense.

The allocation rate for non-affiliated employees increased from 18% to 19% in fiscal year 2016, and the Town's allocation decreased from 82% to 81%.

Based upon the July 1, 2015 actuarial valuation, the actuarial value of assets and actuarial liabilities for the OPEB plan were as follows:

**Schedule of Funding Progress**

| Actuarial<br>Valuation<br>July 1 | Actuarial<br>Value<br>of Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b) - (a) | Percentage<br>Funded<br>Ratio<br>(a) / (b) |
|----------------------------------|--|---|--|--|
| 2007                             | \$ -                                   | \$ 66,013,000                                     | \$ 66,013,000                          | 0.0  |
| 2009                             | -                                      | 72,896,000  | 72,896,000                             | 0.0  |
| 2011                             | -                                      | 74,028,000  | 74,028,000                             | 0.0  |
| 2013 (1)                         | -                                      | 71,595,156  | 71,595,156                             | 0.0  |
| 2015                             | 407,210                                | 52,675,687  | 52,268,477                             | 0.8  |

(1) Amount revised due to creation of OPEB trust.

**Schedule of Employer Contributions**

| Fiscal Year | Actuarial<br>Required<br>Contribution | Actual<br>Contribution | Percentage<br>Contributed |
|-------------|---------------------------------------|------------------------|---------------------------|
| 2013        | \$ 7,258,000                          | \$ 2,047,000           | 28.2                      |
| 2014        | 7,831,000                             | 2,240,000              | 28.6                      |
| 2015        | 6,299,617                             | 2,595,904              | 41.2                      |
| 2016        | 6,762,112                             | 2,596,651              | 38.4                      |
| 2017        | 4,883,931                             | N/A                    |                           |

For further details on the plans, see Appendix A, "Notes to General Purpose Financial Statements".

**Investment Policies and Procedures**

Under the Town Charter and under Connecticut General Statutes Sections 7-400, 7-401 and 7-402, the Town may invest in (a) obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal National Mortgage Association, the Federal Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, the Tennessee Valley Authority, or any other agency of the United States government, (b) certain mutual funds and money market mutual funds investing in such obligations or repurchase agreements fully collateralized by such obligations and (c) certain state and municipal bonds and notes, and may make deposits with certain "qualified public depositories".

The Town's investment practices have been to invest only in certificates of deposit and the State of Connecticut Short-Term Investment Fund ("STIF"). The Town does not invest in derivative based investment products. The Finance Director has followed these investment practices and the Town's operating funds and capital funds are currently invested in the following short-term investments: (1) various certificates of deposit with Connecticut banks; and (2) the State of Connecticut Short-Term Investment Fund.



All Town pension funds are invested with investment managers and for educators, the State of Connecticut Retirement Commission oversees the investment pool for teachers and administrators. For a further description of the Town's Pension Plans, see "Appendix A, Note 8 to Financial Statements" herein.

### **Assessment Practices**

The Town of Windsor last revalued its real property to be effective on its October 1, 2013 Grand List and was implemented in fiscal year 2014-15. There is no phase-in for this revaluation. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods. Prior to the completion of each revaluation, the Assessor shall conduct a field review. The Assessor must fully inspect each parcel of improved real property once in every ten assessment years, provided that the Assessor is not required to fully inspect all of a town's improved real property parcels in the same assessment year or to fully inspect any such parcel more than once during every ten assessment years. Section 12-62 provides that the full inspection requirement shall not apply to any parcel of improved real property for which the Assessor obtains satisfactory verification of data listed on the Assessor's property record by means of a questionnaire sent by the Assessor, at any time during the period in which a full inspection of an improved parcel of real property is required, to the owner of such parcel to (A) obtain information concerning the property's acquisition, and (B) obtain verification of the accuracy of data listed on the Assessor's property record for such parcel. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property and motor vehicles located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at seventy percent (70%) of the estimated market value at the time of the last general revaluation.

The Town has a Fixed Assessment / Abatement policy pursuant to CGS Sec. 12-65b. Currently there are one active abatement and three approved abatement not yet implemented.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical inspection is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut Department of Motor Vehicles and appraisals of motor vehicles are accomplished in accordance with an automotive price schedule as recommended by the State Office of Policy and Management and the Assessor. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The assessment is prorated, and the pro-ration is based on the number of months of ownership between October 1 and the following July 31. Vehicles purchased in August and September are not assessed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was assessed on the October Grand List, the taxpayer is entitled to certain credits.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy (70%) of present market value.

### **Tax Collection Procedure**

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in one installment. Payments not received by August 1 become delinquent. According to the provisions of Public Act No. 82-141, effective July 1, 1982, and applicable to property taxes due on or after said date, delinquent property taxes were subject to interest at the rate of 1.5% per month.

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**Motor Vehicle Property Tax Rate**

Section 206 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 187 of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the "Act") created a cap on the local property tax mill rate for motor vehicles for the assessment year commencing October 1, 2015, and each assessment year thereafter. Notwithstanding any mill rate for motor vehicles set by a municipality before the effective date of the Act, for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall not exceed 37.00 mills, except in the case of a municipality that set a mill rate before the effective date of the Act for motor vehicles of 32.00 mills for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall be the lesser of 37.00 mills, the mill rate set before the effective date of the Act for real property and personal property other than motor vehicles for such municipality for the assessment year commencing October 1, 2015, or a mill rate for motor vehicles set by a municipality after the effective date of the Act that is less than 37.00 mills. For the assessment year commencing October 1, 2016, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32.00 mills. Any municipality or special tax district may establish a mill rate for motor vehicles that is different from its mill rate for real property to comply with the provisions of the Act. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 37.00 mills for the assessment year commencing October 1, 2015, provided in the case of a district or borough that set a mill rate before the effective date of the Act for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located resulted in a combined motor vehicle mill rate of 32.00 mills for the assessment year commencing October 1, 2015, the mill rate on motor vehicles for any such district or borough for such assessment year shall be the lesser of (A) a mill rate for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate of 37.00, (B) the mill rate set before the effective date of the Act for the assessment year commencing October 1, 2015, on real property and personal property other than motor vehicles for such borough or district, or (C) a mill rate for motor vehicles set by a borough or district after the effective date of the Act that is less than 37.00 mills when combined with the motor vehicle mill rate of the municipality in which such district or borough is located, or (2) above 32.00 mills for the assessment year commencing October 1, 2016, and each assessment year thereafter. The mill rate for motor vehicles for the Town for the assessment year commencing October 1, 2015 (the fiscal year ending June 30, 2017) is 31.52 mills.

**Real Property Tax Levies and Collections**

| FY<br>Ending<br>6/30 | Net Taxable<br>Grand List | Total<br>Tax Rate<br>(In Mills) | Adjusted<br>Tax Levy | % Annual<br>Levy<br>Collected | Uncollected Taxes          |                    |
|----------------------|---------------------------|---------------------------------|----------------------|-------------------------------|----------------------------|--------------------|
|                      |                           |                                 |                      |                               | End of Each<br>Fiscal Year | As of<br>6/30/2016 |
| 2018 (1)             | \$ 2,886,746,036          | 35.04                           | \$ 93,353,212        | In Process                    | In Process                 | In Process         |
| 2017                 | 2,924,298,305             | 31.52                           | 90,561,620           | In Process                    | In Process                 | In Process         |
| 2016                 | 2,849,933,303             | 30.92                           | 88,799,152           | 98.8                          | \$ 1,091,021               | \$ 1,091,021       |
| 2015 (2)             | 2,838,103,716             | 30.47                           | 86,548,952           | 98.8                          | 1,029,436                  | 432,630            |
| 2014                 | 3,013,897,453             | 27.33                           | 82,919,994           | 98.6                          | 1,192,548                  | 52,950             |
| 2013                 | 2,907,640,693             | 27.95                           | 81,403,784           | 98.7                          | 1,062,846                  | 14,774             |
| 2012                 | 2,811,979,697             | 28.03                           | 79,201,381           | 98.8                          | 979,265                    | 5,115              |
| 2011                 | 2,734,641,908             | 28.38                           | 77,747,083           | 98.6                          | 1,091,108                  | 2,002              |
| 2010                 | 2,653,336,173             | 28.34                           | 74,984,463           | 98.6                          | 1,037,133                  | 2,225              |
| 2009                 | 2,590,683,323             | 29.30                           | 76,374,720           | 98.8                          | 898,815                    | 1,934              |

(1) Town Manager’s Proposed Budget for fiscal year 2017-18. (See "Motor Vehicle Property Tax Rate" herein).

(2) The Town's last revaluation is effective as of 10/01/2013. The revaluation was implemented in full in FY 2014-15 budget year (will not be phased-in). (See "Assessments Practices" herein).

Source: Town Officials.

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**Taxable Grand List (1)**

| Grand List Dated | Real Property    | Personal Property | Motor Vehicle Property | Gross Taxable Grand List | Less Exemptions | Net Taxable Grand List (1) |
|------------------|------------------|-------------------|------------------------|--------------------------|-----------------|----------------------------|
| 10/01/16         | \$ 2,297,897,194 | \$ 507,677,471    | \$ 209,047,000         | \$ 3,014,621,665         | \$ 127,875,629  | \$ 2,886,746,036           |
| 10/01/15         | 2,555,128,169    | 524,882,407       | 203,017,855            | 3,283,028,431            | 358,730,126     | 2,924,298,305              |
| 10/01/14         | 2,317,358,059    | 496,016,198       | 202,210,460            | 3,015,584,717            | 165,651,414     | 2,849,933,303              |
| 10/01/13         | 2,287,068,998    | 531,939,149       | 202,876,570            | 3,021,884,717            | 183,781,001     | 2,838,103,716              |
| 10/01/12         | 2,537,512,418    | 196,798,900       | 496,943,459            | 3,231,254,777            | 217,357,324     | 3,013,897,453              |
| 10/01/11         | 2,524,291,833    | 512,131,547       | 202,124,650            | 3,238,548,030            | 330,907,337     | 2,907,640,693              |
| 10/01/10         | 2,532,178,040    | 471,342,141       | 186,248,492            | 3,189,768,673            | 377,788,976     | 2,811,979,697              |
| 10/01/09         | 2,521,616,780    | 482,561,434       | 179,816,305            | 3,183,994,519            | 449,352,611     | 2,734,641,908              |
| 10/01/08         | 2,232,341,208    | 488,125,018       | 185,708,117            | 2,906,174,343            | 252,838,170     | 2,653,336,173              |
| 10/01/07         | 2,077,747,360    | 425,093,172       | 190,257,671            | 2,693,098,203            | 102,414,880     | 2,590,683,323              |
| 10/01/06         | 1,909,387,140    | 366,616,914       | 186,060,915            | 2,462,064,969            | 60,276,529      | 2,401,788,440              |

(1) The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. A Board of Tax Review determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation (Grand List of 10/01/2013). This revaluation was implemented in full in fiscal year 2014-15. The prior revaluation for the 10/01/2008 grand list was phased-in over a five year period at 20% per annum beginning in fiscal year 2009-2010 and ending in fiscal year 2013-14. (See "Assessments Practices" herein).

Source: Town Officials

**Largest Taxpayers**

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2016:

| Name of Taxpayer                    | Nature of Business               | Grand List Amount         |
|-------------------------------------|----------------------------------|---------------------------|
| Griffin Land & Affiliates           | Real Estate Development          | \$ 75,569,410             |
| Walgreens Eastern                   | Distribution Center              | 75,457,735                |
| CIGNA                               | Insurance and Financial Services | 58,051,391                |
| Voya Retirement Insurance           | Insurance and Financial Services | 55,780,998                |
| Hartford Financial Corp             | Insurance and Financial Services | 49,505,015                |
| Cellco/Verizon Wireless             | Telecommunications               | 47,253,848                |
| Eversource                          | Electric Utility                 | 44,292,658                |
| Deka Immobilien Investment (Amazon) | Distribution Center              | 42,077,036                |
| Dollar Tree Distribution Inc        | Distribution Center              | 41,830,155                |
| IBM & Affiliates                    | Information Technology           | 34,898,017                |
| Total                               |                                  | <u>\$ 524,716,263</u> (1) |

(1) Represents 18.18% of the net taxable grand list of \$2,886,746,036 dated October 1, 2016.

Source: Town Officials.

**Revenues**

The Town derives its revenues from a direct tax levy on property, State and Federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2012-2016, in "Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

## Property Tax Revenues

| <u>Fiscal Year</u>           | <u>General Fund Revenues</u> | <u>Property Tax Revenues</u> | <u>Property Tax as a % of General Fund Revenues</u> |
|------------------------------|------------------------------|------------------------------|---|
| 2018 (Proposed Budget) (1)   | \$ 114,225,370               | \$ 100,053,080               | 87.59   |
| 2017 (Estimated Actuals) (1) | 111,223,770                  | 93,161,120                   | 83.76   |
| 2016                         | 114,990,555                  | 89,012,808                   | 77.41   |
| 2015                         | 114,937,769                  | 87,600,034                   | 76.22   |
| 2014                         | 110,221,210                  | 82,937,213                   | 75.25   |
| 2013                         | 108,233,721                  | 82,156,015                   | 75.91   |
| 2012                         | 104,442,171                  | 79,806,333                   | 76.41   |
| 2011                         | 102,267,246                  | 78,440,338                   | 76.70   |
| 2010                         | 97,207,998                   | 75,182,401                   | 77.34   |
| 2009                         | 100,503,089                  | 76,562,176                   | 76.18   |

(1) Budgetary figures do not include one-time pass-through state funding for the teachers' retirement system pension liability. The figure was \$6,557,181 in fiscal year 2015-16.

Source: Annual audited financial statements for fiscal years 2009-2016, estimated actuals for fiscal 2016-17 and the Town Manager's proposed budget for the fiscal year commencing July 1, 2017. (See "Budgetary Procedures" herein).

## Intergovernmental Revenues

| <u>Fiscal Year</u>           | <u>General Fund Revenues</u> | <u>Intergovernmental</u> | <u>Aid As a % of General Fund Revenue</u> |
|------------------------------|------------------------------|--------------------------|---|
| 2018 (Proposed Budget) (1)   | \$ 114,225,370               | \$ 11,999,980            | 10.51                                     |
| 2017 (Estimated Actuals) (1) | 111,223,770                  | 15,473,450               | 13.91                                     |
| 2016                         | 114,990,555                  | 21,906,514               | 19.05                                     |
| 2015                         | 114,937,769                  | 22,366,478               | 19.46                                     |
| 2014                         | 110,221,210                  | 22,298,413               | 20.23                                     |
| 2013                         | 108,233,721                  | 21,410,871               | 19.78                                     |
| 2012                         | 104,442,171                  | 21,115,541               | 20.22                                     |
| 2011                         | 102,267,246                  | 19,819,257               | 19.38                                     |
| 2010                         | 97,207,998                   | 19,483,098               | 20.04                                     |
| 2009                         | 100,503,089                  | 21,033,244               | 20.93                                     |

(1) Budgetary figures do not include one-time pass-through state funding for the teachers' retirement system pension liability. The figure was \$6,557,181 in fiscal year 2015-16.

Source: Annual audited financial statements for fiscal years 2009-2016, estimated actuals for fiscal 2016-17 and the Manager's proposed budget for the fiscal year commencing July 1, 2017. (See "Budgetary Procedures" herein).

## Expenditures

| <u>Fiscal Year</u>           | <u>Education %</u> | <u>General Government %</u> | <u>Public Safety %</u> | <u>Public Works %</u> |
|------------------------------|--------------------|-----------------------------|------------------------|-----------------------|
| 2018 (Proposed Budget) (1)   | 59.32              | 15.33                       | 8.86                   | 5.27                  |
| 2017 (Estimated Actuals) (1) | 60.86              | 16.70                       | 8.85                   | 4.80                  |
| 2016                         | 68.34              | 11.59                       | 9.60                   | 5.38                  |
| 2015                         | 68.76              | 11.00                       | 9.69                   | 5.64                  |
| 2014                         | 68.20              | 11.32                       | 10.03                  | 5.52                  |
| 2013                         | 68.38              | 11.39                       | 9.50                   | 5.56                  |
| 2012                         | 68.83              | 11.05                       | 9.44                   | 5.56                  |
| 2011                         | 68.06              | 11.06                       | 9.67                   | 6.05                  |
| 2010                         | 69.86              | 10.90                       | 9.05                   | 6.15                  |
| 2009                         | 69.68              | 10.93                       | 9.20                   | 6.16                  |

(1) Budgetary figures do not include one-time pass-through state funding for the teachers' retirement system pension liability. The figure was \$6,557,181 in fiscal year 2015-16.

Source: Annual audited financial statements for fiscal years 2009-2016, estimated actuals for fiscal 2016-17 and the Town Manager's proposed budget for the fiscal year commencing July 1, 2017. (See "Budgetary Procedures" herein).

**Comparative General Fund Operating Statement**  
(Budget and Actual – Budgetary Basis)

|                                      | Fiscal Year 2015-16 |                      |  | 2016-17<br>Estimated<br>Actuals | 2017-18<br>Proposed<br>Budget |
|--------------------------------------|---------------------|----------------------|--|---------------------------------|-------------------------------|
|                                      | Final<br>Budget     | Actual<br>Operations | Variance<br>Favorable<br>(Unfavorable) |                                 |                               |
| <b>REVENUES</b>                      |                     |                      |  |                                 |                               |
| Property taxes                       | \$ 88,290,620       | \$ 89,012,808        | \$ 722,188                             | \$ 93,161,120                   | \$ 100,053,080                |
| Licenses, permits and fees           | 629,230             | 916,974              | 287,744                                | 849,850                         | 628,260                       |
| Fines, forfeitures and penalties     | 40,000              | 45,209               | 5,209                                  | 35,000                          | 37,000                        |
| Other agencies                       | 113,750             | 139,218              | 25,468                                 | 126,270                         | 88,370                        |
| Intergovernmental                    | 15,162,060          | 14,539,764           | (622,296)                              | 15,473,450                      | 11,999,980                    |
| Revenues from use of assets          | 513,830             | 525,743              | 11,913                                 | 628,830                         | 768,830                       |
| Charges for services                 | 734,650             | 1,165,258            | 430,608                                | 949,250                         | 649,850                       |
| <b>TOTAL REVENUES</b>                | <b>105,484,140</b>  | <b>106,344,974</b>   | <b>860,834</b>                         | <b>111,223,770</b>              | <b>114,225,370</b>            |
| <b>EXPENDITURES</b>                  |                     |                      |  |                                 |                               |
| Current:                             |                     |                      |  |                                 |                               |
| General government                   | 1,000,570           | 999,458              | 1,112                                  | 989,920                         | 980,400                       |
| Safety services                      | 9,976,810           | 9,707,277            | 269,533                                | 9,806,830                       | 10,197,310                    |
| Public works                         | 5,171,240           | 4,969,837            | 201,403                                | 5,319,710                       | 6,065,990                     |
| Health services                      | 477,170             | 440,645              | 36,525                                 | 465,670                         | 480,100                       |
| Human services                       | 873,760             | 829,398              | 44,362                                 | 803,160                         | 829,360                       |
| Recreation and leisure services      | 1,070,030           | 1,064,793            | 5,237                                  | 1,449,230                       | 1,489,110                     |
| Education                            | 65,902,350          | 65,798,461           | 103,889                                | 67,471,330                      | 68,298,120                    |
| Town support for education           | 2,134,940           | 2,134,835            | 105                                    | 4,824,940                       | 8,356,440                     |
| Library services                     | 1,590,340           | 1,574,820            | 15,520                                 | 1,612,570                       | 1,649,370                     |
| Development services                 | 1,799,370           | 1,663,547            | 135,823                                | 1,794,990                       | 1,281,090                     |
| Information services                 | 436,140             | 428,262              | 7,878                                  | 445,830                         | 474,870                       |
| Administrative services              | 2,152,930           | 2,075,212            | 77,718                                 | 2,181,880                       | 2,250,020                     |
| Community development                | 92,500              | 92,500               | -                                      | 121,430                         | 115,950                       |
| General services                     | 5,697,078           | 5,641,315            | 55,763                                 | 13,103,750                      | 12,657,240                    |
| <b>TOTAL EXPENDITURES</b>            | <b>98,375,228</b>   | <b>97,420,360</b>    | <b>954,868</b>                         | <b>110,391,240</b>              | <b>115,125,370</b>            |
| Revenues over expenditures           | 7,108,912           | 8,924,614            | 1,815,702                              | 832,530                         | (900,000)                     |
| Other financing sources (uses)       |                     |                      |  |                                 |                               |
| Operating transfers in               | 86,300              | 78,508               | (7,792)                                | -                               | -                             |
| Operating transfers out              | (8,095,212)         | (8,095,212)          | -                                      | -                               | -                             |
| Use of fund balance                  | (177,574)           | (177,574)            | -                                      | -                               | 900,000                       |
| Total other financing sources (uses) | (8,186,486)         | (8,194,278)          | (7,792)                                | -                               | 900,000                       |
| Net change in budgetary fund balance | \$ (1,077,574)      | 730,336              | \$ 1,807,910                           | \$ 832,530                      | \$ -                          |
| Budgetary Fund Balance, beginning    |                     | 19,935,850           |  |                                 |                               |
| Budgetary Fund Balance, ending       |                     | \$ 20,666,186        |  |                                 |                               |

Source: Annual audited financial statements for fiscal years 2009-2016, estimated actuals for fiscal 2016-17 and the Town Manager's proposed budget for the fiscal year commencing July 1, 2017. (See "Budgetary Procedures" herein).

**Comparative Balance Sheets - General Fund**

|  | <u>2012</u>          | <u>2013</u>          | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |                      |                      |                      |
| Cash and cash equivalents                                    | \$ 24,864,249        | \$ 24,410,473        | \$ 28,166,050        | \$ 26,801,775        | \$ 29,140,102        |
| Receivables:   |                      |                      |                      |                      |                      |
| Property taxes   | 1,494,656            | 1,206,348            | 1,626,595            | 1,090,958            | 1,380,972            |
| Accounts receivable  | 710,376              | 809,580              | 387,213              | 564,352              | 348,830              |
| Intergovernmental and other                                  | 273,634              | 109,629              | 54,375               | -                    | -                    |
| Due from other funds   | 1,583,568            | 168,395              | 168,782              | 789,819              | 1,070,448            |
| Inventory  | 48,934               | 42,682               | 46,154               | 31,213               | 21,599               |
| <b>TOTAL ASSETS</b>  | <u>\$ 28,975,417</u> | <u>\$ 26,747,107</u> | <u>\$ 30,449,169</u> | <u>\$ 29,278,117</u> | <u>\$ 31,961,951</u> |
| <b>LIABILITIES</b>   |                      |                      |                      |                      |                      |
| Accounts payable and accrued liabilities                     | \$ 3,529,352         | \$ 3,078,560         | \$ 4,228,868         | \$ 2,476,321         | \$ 3,016,735         |
| Due to other funds   | 767,425              | 1,127,456            | 146,304              | -                    | -                    |
| Advanced tax collections                                     | 4,426,446            | -                    | -                    | -                    | -                    |
| Deferred revenue   | 1,648,057            | 1,277,060            | -                    | -                    | -                    |
| Unearned Revenue   | -                    | 352,681              | -                    | -                    | -                    |
| <b>TOTAL LIABILITIES</b>                                     | <u>10,371,280</u>    | <u>5,835,757</u>     | <u>4,375,172</u>     | <u>2,476,321</u>     | <u>3,016,735</u>     |
| <b>DEFERRED INFLOW OF RESOURCES</b>                          |                      |                      |                      |                      |                      |
| Advance tax collections                                      | -                    | -                    | 3,352,487            | 2,248,521            | 3,355,856            |
| Unavailable resources  | -                    | -                    | 1,531,680            | 926,393              | 1,196,929            |
| <b>TOTAL DEFERRED INFLOW OF RESOURCES</b>                    | <u>-</u>             | <u>-</u>             | <u>4,884,167</u>     | <u>3,174,914</u>     | <u>4,552,785</u>     |
| <b>FUND BALANCES</b>   |                      |                      |                      |                      |                      |
| Nonspendable   | 48,934               | 42,679               | 46,154               | 31,213               | 21,599               |
| Assigned   | 3,238,973            | 3,939,957            | 3,795,689            | 4,621,032            | 4,727,980            |
| Unassigned   | 15,316,230           | 16,928,714           | 17,347,987           | 18,974,637           | 19,642,852           |
| <b>TOTAL FUND BALANCES</b>                                   | <u>18,604,137</u>    | <u>20,911,350</u>    | <u>21,189,830</u>    | <u>23,626,882</u>    | <u>24,392,431</u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b> | <u>\$ 28,975,417</u> | <u>\$ 26,747,107</u> | <u>\$ 30,449,169</u> | <u>\$ 29,278,117</u> | <u>\$ 31,961,951</u> |

Source: Annual audited financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund**

|                               | <u>2012</u>          | <u>2013</u>          | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>REVENUES</b>               |                      |                      |                      |                      |                      |
| Property taxes                | \$ 79,806,333        | \$ 82,159,015        | \$ 82,937,213        | \$ 87,600,034        | \$ 89,012,808        |
| Charges for services          | 3,361,671            | 4,531,261            | 4,865,078            | 4,847,452            | 3,910,777            |
| State and Federal governments | 21,115,541           | 21,410,871           | 22,298,413           | 22,366,478           | 21,906,514           |
| Investment income             | 158,626              | 132,574              | 120,506              | 123,805              | 160,456              |
| <b>TOTAL REVENUES</b>         | <u>104,442,171</u>   | <u>108,233,721</u>   | <u>110,221,210</u>   | <u>114,937,769</u>   | <u>114,990,555</u>   |
| <br><b>EXPENDITURES</b>       |                      |                      |                      |                      |                      |
| Education                     | 67,390,801           | 68,251,357           | 70,387,913           | 72,051,878           | 72,839,199           |
| Public safety                 | 9,246,685            | 9,482,675            | 10,347,278           | 10,149,394           | 10,228,327           |
| Human services                | 1,293,713            | 1,409,128            | 1,333,534            | 1,359,207            | 1,373,878            |
| Cultural and recreation       | 3,714,831            | 3,748,207            | 3,765,963            | 3,782,540            | 4,058,702            |
| Public works                  | 5,444,107            | 5,553,231            | 5,697,653            | 5,911,934            | 5,732,843            |
| General government            | 10,823,683           | 11,367,560           | 11,681,899           | 11,528,544           | 12,354,861           |
| <b>TOTAL EXPENDITURES</b>     | <u>97,913,820</u>    | <u>99,812,158</u>    | <u>103,214,240</u>   | <u>104,783,497</u>   | <u>106,587,810</u>   |
| Revenues over expenditures    | 6,528,351            | 8,421,563            | 7,006,970            | 10,154,272           | 8,402,745            |
| Net transfers out             | <u>(6,293,172)</u>   | <u>(6,114,350)</u>   | <u>(6,728,490)</u>   | <u>(7,717,220)</u>   | <u>(7,637,196)</u>   |
| Net change in fund balances   | 235,179              | 2,307,213            | 278,480              | 2,437,052            | 765,549              |
| Fund Balance - July 1         | <u>18,368,958</u>    | <u>18,604,137</u>    | <u>20,911,350</u>    | <u>21,189,830</u>    | <u>23,626,882</u>    |
| Fund Balance - June 30        | <u>\$ 18,604,137</u> | <u>\$ 20,911,350</u> | <u>\$ 21,189,830</u> | <u>\$ 23,626,882</u> | <u>\$ 24,392,431</u> |

Source: Annual audited financial statements; Town Officials.

## SECTION VI - ADDITIONAL INFORMATION

### **Litigation**

The Town of Windsor, its officers, employees, boards and commissions are defendants in various lawsuits. The Town Attorney is of the opinion that all pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

### **Availability of Continuing Disclosure Information**

The Town of Windsor prepares, in accordance with State Law, annual independent audited financial statements and an annual Comprehensive Annual Financial Report and files such annual reports with the State Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide S&P Global Ratings ongoing disclosure in the form of comprehensive annual financial reports, adopted budgets and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into a continuing disclosure agreement with respect to the Bonds (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the form attached as Appendix C to this Official Statement.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and material event notices pursuant to Rule 15c2-12(b)(5). In the past five years, the Town has not failed to meet, in any material respects, with its previous undertakings under such agreements.

### **Financial Advisor**

The Town has retained Independent Bond and Investment Consultants LLC ("IBIC LLC") of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although IBIC LLC has assisted in the preparation of the Official Statement, IBIC LLC is not obligated to undertake, and has not undertaken an independent verification of or assumed responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. IBIC LLC is an independent municipal bond advisory firm and is not engaged in the business of providing investment advice, underwriting, trading or distributing municipal or other public securities.

### **Documents Accompanying Delivery of the Bonds**

Upon delivery of the Bonds, the Underwriter will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened effecting the validity of the Bonds or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town, signed by the Town Manager and the Finance Director, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify to the best of said officials' knowledge and belief, as of the date of the Official Statement and the date of the closing, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact, necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;
3. A Receipt for the purchase price of the Bonds;



4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut substantially in the form attached as Appendix B;
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached to the Official Statement as Appendix C; and
6. Within seven business days of the execution of the Purchase Contract, the Town will furnish the Underwriter a reasonable number of copies of the Official Statement, as prepared by the Town; and
7. Any other documents required by the Purchase Contract.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the principal office of U.S. Bank National Association, of Hartford, Connecticut and will be available for examination upon reasonable request.

### **Concluding Statement**

Additional information concerning the Town of Windsor and this issue may be obtained upon request from the office of the Finance Director at (860) 285-1890 or from Independent Bond and Investment Consultants LLC at (203) 245-7264.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

This Official Statement is not to be constructed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or part for any other purpose.

## **TOWN OF WINDSOR, CONNECTICUT**

/ s / Peter P. Souza

**BY: PETER P. SOUZA**  
*Town Manager*

/ s / James R. Bourke

**BY: JAMES R. BOURKE**  
*Finance Director*

**Dated: April 12, 2017**

## APPENDIX A – FINANCIAL STATEMENTS

### TOWN OF WINDSOR, CONNECTICUT

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JUNE 30, 2016

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**Appendix A – Financial Statements** – is taken from the Annual Financial Report of the Town of Windsor for the Fiscal Year ending June 30, 2016 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the office of the Finance Director, Town of Windsor, Connecticut.



RSM US LLP

## Independent Auditor's Report

To the Members of the Town Council  
Town of Windsor, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Town of Windsor, Connecticut (the Town) as of and for the fiscal year ended June 30, 2016, 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 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windsor, Connecticut as of June 30, 2016, 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.

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

### **Emphasis of Matter—Prior Period Adjustment**

As discussed in Note 16 to the financial statements, during the fiscal year ended June 30, 2016, prior period adjustments were made with respect to the Town's participation in the State of Connecticut Municipal Employees' Retirement System. The System has previously accounted for contributions receivables using present value rather than contract value and the Town recognized a net pension asset from the System for prior service costs. Our opinion is not modified with respected to this matter.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, the schedules of investment returns, employer contributions and the schedule of changes in net pension plan liability and related ratios – defined benefit plans, schedules of contributions and the Town's proportionate share of the net pension liability – CMERS plan and the schedule of the Town's proportionate share of the net pension liability – teachers' retirement system, the schedules of funding progress and employer contributions for other post-employment benefits and the General Fund budgetary comparison information 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.

#### Supplementary 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 introductory section, combining and individual fund financial statements and other 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 fund financial statements and other schedules are the responsibility of management and were derived from and relates 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 financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, have 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 them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 19, 2016 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.

*RSM US LLP*

New Haven, Connecticut  
December 19, 2016

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**Town of Windsor, Connecticut  
Management's Discussion and Analysis- unaudited  
June 30, 2016**

As management of the Town of Windsor, Connecticut (the Town) we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town of Windsor for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal, as well as the Town's basic financial statements that follow this section.

**Financial Highlights**

- As of July 1, 2015, the Town restated its net position of the government-wide financial statements. This restatement required that the unrestricted net position of the government-wide financial statements as of July 1, 2015 be restated and increased in the amount of \$5,500,400. The increase did not result from a change in benefits offered to employees. The State of Connecticut changed its accounting method for contributions receivable for the Connecticut Municipal Employees Retirement System (CMERS). See Note 16 on page 66.
- On a government-wide basis, the assets and deferred outflows of resources of the Town of Windsor exceeded its liabilities and deferred inflows of resources resulting in total net position at the close of the fiscal year of \$62.5 million. Total net position for Governmental Activities at fiscal year-end were \$71.2 million, which was a decrease of \$2.6 million from the restated FY 15 net position. Total net position (deficits) for Business-Type Activities were (\$8.7 million), as compared to the \$7.7 million deficit reported in FY 2015. The net deficit for Business-Type Activities is due to post-closure costs for the landfill.
- Government-wide expenses were \$129.5 million, which is an increase of \$3.5 million from FY 15. Government-wide revenues were \$125.8 million, which is an increase of \$862 thousand from FY 15.
- At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$37.4 million, which is a decrease of \$1.7 million from the prior fiscal year.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$24.4 million, which is an increase of \$766 thousand from the prior fiscal year. Of the total General Fund fund balance as of June 30, 2016, \$19.6 million represents unassigned fund balance. Unassigned fund balance at year-end represents 17.2% of total FY 16 General Fund expenditures and transfers, and 17.7% of FY 17 budgeted 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 basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information as well as the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Windsor's finances, in a manner similar to private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

The statement of net position presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. One can think of the Town's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - as one way to measure the Town's financial health or financial position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town is improving or deteriorating. It speaks to the question of whether or not the Town, as a whole, is better or worse off as a result of this year's activities. Other non-financial factors will need to be considered, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town of Windsor.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period; uncollected taxes are an example.

Both of the government-wide financial statements distinguish functions of the Town of Windsor that are 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).

- Governmental activities of the Town of Windsor encompass most of the Town's basic services and include general government, public safety, public works, human services, culture and recreation, and education. Property taxes, charges for services, and state and federal grants finance most of these activities.
- Business-type activities of the Town of Windsor include the Landfill, Resident Transfer Station, Milo Peck Child Development center, and the Caring Connection Adult Day Care center. They are reported here as the Town charges fees to customers to help cover all or most of the cost of operations.

The government-wide financial statements (statement of net position and statement of activities) can be found on pages 15-16 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has three kinds of 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 a government'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 government'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 ten (10) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, and the Educational Grant Programs Fund, which are considered to be major funds. Data from the other governmental funds are



combined into a single, aggregated presentation as other Non-Major Governmental Funds. Non-Major Governmental Funds for the Town of Windsor include the Community Development Block Grant, Cafeteria Fund, J. Bartash Expendable Trust Fund, Treehouse Fund, Debt Service Fund, Other Special Revenue Funds and Open Space Fund. The report provides individual fund data for each of these non-major governmental funds in the combining balance sheets on pages 78-79 and in the combining statement of revenues, expenditures and changes in fund balance on pages 80-81.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the authorized budget. The statement of General Fund revenues on a budgetary basis and General Fund expenditures, encumbrances and transfers out on a budgetary basis can be found on page 74.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balances) can be found on pages 17-18 of this report.

**Proprietary funds.** The Town of Windsor maintains two different types of proprietary funds, four enterprise funds and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Windsor uses enterprise funds to account for its Landfill post-closure activities, Resident Transfer Station, Milo Peck Child Development Center, and the Caring Connection Adult Day Care Center.

Internal service funds are an accounting device used to accumulate and allocate certain costs internally among the Town of Windsor's various functions. The Town of Windsor uses one (1) internal service fund to account for its risk management costs related to Workers' Compensation, Property, Liability, and Employee and Retiree Health Insurance. Because these internal services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Landfill Enterprise Fund which is considered to be the only major proprietary fund of the Town of Windsor. The report combines the Milo Peck Child Development Center and the Caring Connection Adult Day Care Center and Transfer Station into the non-major funds of the Town of Windsor. Individual fund data for the internal service fund is also provided as a separate column in the proprietary fund financial statements. The proprietary fund financial statements can be found on pages 20-22 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the Town's constituency. The Town has one Defined Benefit Retirement trust fund, one Other Post-Employment Benefits trust fund, and five agency funds. The accounting used for fiduciary funds is similar to the accounting for proprietary funds. The basic fiduciary fund financial statements are in pages 23-24 of this report.

### **Notes to the Financial Statements**

The notes 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 are in pages 25 to 66 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town's governmental activities assets and deferred outflows of resources exceeded liabilities and deferred

inflows of resources by \$71.2 million on June 30, 2016, which was a decrease of \$2.6 million from the restated beginning net position of \$73.8 million.

**TOWN OF WINDSOR CONNECTICUT**  
**SUMMARY STATEMENT OF NET POSITION (DEFICIT) (\$000's)**  
**June 30, 2016 and 2015**

|   | Governmental Activities |                  | Business-Type Activities |                   | Total            |                  | Total Percentage Change |
|---|-------------------------|------------------|--------------------------|-------------------|------------------|------------------|-------------------------|
|   | 2016                    | 2015             | 2016                     | 2015              | 2016             | 2015             | 2015-16                 |
| Current and Other Assets                        | \$ 62,902               | \$ 60,492        | \$ 28,379                | \$ 29,787         | \$ 91,281        | \$ 90,279        | 1.1%                    |
| Capital assets, net of accumulated depreciation | 103,565                 | 102,144          | 139                      | 147               | 103,704          | 102,291          | 1.4%                    |
| <b>Total Assets</b>                             | <b>166,467</b>          | <b>162,636</b>   | <b>28,518</b>            | <b>29,934</b>     | <b>194,985</b>   | <b>192,570</b>   | <b>1.3%</b>             |
| Deferred outflows of resources                  | 9,421                   | 4,414            | -                        | -                 | 9,421            | 4,414            | 113.4%                  |
| Current liabilities                             | 8,284                   | 6,943            | 97                       | 371               | 8,381            | 7,314            | 14.6%                   |
| Long-term liabilities outstanding               | 92,934                  | 83,123           | 37,145                   | 37,246            | 130,079          | 120,369          | 8.1%                    |
| <b>Total Liabilities</b>                        | <b>101,218</b>          | <b>90,066</b>    | <b>37,242</b>            | <b>37,617</b>     | <b>138,460</b>   | <b>127,683</b>   | <b>8.4%</b>             |
| Deferred Inflows of resources                   | 3,443                   | 3,110            | -                        | -                 | 3,443            | 3,110            | 10.7%                   |
| Net Position (Deficits):                        |                         |                  |                          |                   |                  |                  |                         |
| Net investment in capital assets                | 68,218                  | 65,411           | 139                      | 147               | 68,357           | 65,558           | 4.3%                    |
| Restricted                                      | 3,748                   | 3,744            | -                        | -                 | 3,748            | 3,744            | 0.1%                    |
| Unrestricted                                    | (739)                   | 4,719            | (8,863)                  | (7,830)           | (9,602)          | (3,111)          | 208.6%                  |
| <b>Total Net Position (Deficits)</b>            | <b>\$ 71,227</b>        | <b>\$ 73,874</b> | <b>\$ (8,724)</b>        | <b>\$ (7,683)</b> | <b>\$ 62,503</b> | <b>\$ 66,191</b> | <b>-5.6%</b>            |

At the end of the current fiscal year, the Town of Windsor is able to report positive balances of \$62.5 million in net position for the government as a whole, but negative net position for its business type activities. The negative value is solely attributable to the cost of accruing a pro rata portion of the closure and post-closure costs for the town's landfill.

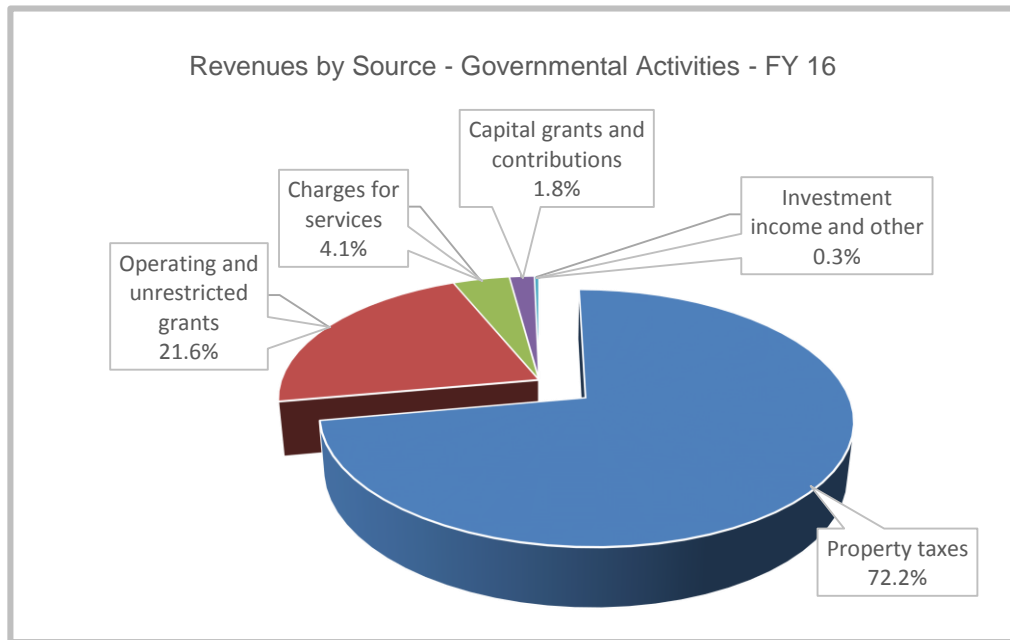
By far, the largest portion of the Town of Windsor's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt that is still outstanding used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Windsor'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.

**TOWN OF WINDSOR CONNECTICUT**  
**SUMMARY STATEMENT OF ACTIVITIES (\$000's)**  
**For the Years Ended June 30, 2016 and 2015**

|  | Governmental<br>Activities |                  | Business-Type<br>Activities |                   | Total            |                  | Total<br>Percentage<br>Change |
|--|----------------------------|------------------|-----------------------------|-------------------|------------------|------------------|-------------------------------|
|  | <u>2016</u>                | <u>2015</u>      | <u>2016</u>                 | <u>2015</u>       | <u>2016</u>      | <u>2015</u>      | <u>2015-16</u>                |
| <b>Revenues</b>  |                            |                  |                             |                   |                  |                  |                               |
| Program revenues   |                            |                  |                             |                   |                  |                  |                               |
| Charges for services   | \$ 5,041                   | \$ 5,913         | \$ 1,810                    | \$ 1,816          | \$ 6,851         | \$ 7,729         | -11.4%                        |
| Operating grants and contributions   | 26,735                     | 26,489           | 175                         | 161               | 26,910           | 26,650           | 1.0%                          |
| Capital grants and contributions   | 446                        | 1,153            | -                           | -                 | 446              | 1,153            | -61.3%                        |
| General Revenues   |                            |                  |                             |                   |                  |                  |                               |
| Property taxes   | 89,290                     | 87,108           | -                           | -                 | 89,290           | 87,108           | 2.5%                          |
| Grants not restricted to specific programs                                 | 1,777                      | 1,804            | -                           | -                 | 1,777            | 1,804            | -1.5%                         |
| Miscellaneous  | 205                        | 221              | -                           | -                 | 205              | 221              | -7.2%                         |
| Unrestricted investment earnings   | 201                        | 155              | 96                          | 94                | 297              | 249              | 19.3%                         |
| <b>Total revenues</b>  | <u>123,695</u>             | <u>122,843</u>   | <u>2,081</u>                | <u>2,071</u>      | <u>125,776</u>   | <u>124,914</u>   | <u>0.7%</u>                   |
| <b>Expenses</b>  |                            |                  |                             |                   |                  |                  |                               |
| General government   | 14,170                     | 13,782           | -                           | -                 | 14,170           | 13,782           | 2.8%                          |
| Culture & recreation   | 4,707                      | 4,362            | -                           | -                 | 4,707            | 4,362            | 7.9%                          |
| Human services   | 1,973                      | 1,767            | -                           | -                 | 1,973            | 1,767            | 11.7%                         |
| Public works   | 7,282                      | 7,452            | -                           | -                 | 7,282            | 7,452            | -2.3%                         |
| Education  | 85,834                     | 82,801           | -                           | -                 | 85,834           | 82,801           | 3.7%                          |
| Public safety  | 11,517                     | 11,300           | -                           | -                 | 11,517           | 11,300           | 1.9%                          |
| Interest expense   | 790                        | 1,150            | -                           | -                 | 790              | 1,150            | -31.3%                        |
| Landfill   | -                          | -                | 1,505                       | 1,603             | 1,505            | 1,603            | -6.1%                         |
| Child development  | -                          | -                | 1,053                       | 1,188             | 1,053            | 1,188            | -11.4%                        |
| Adult caring connection  | -                          | -                | 487                         | 494               | 487              | 494              | -1.4%                         |
| Resident Transfer Station  | -                          | -                | 146                         | 118               | 146              | 118              | 23.7%                         |
| <b>Total expenses</b>  | <u>126,273</u>             | <u>122,614</u>   | <u>3,191</u>                | <u>3,403</u>      | <u>129,464</u>   | <u>126,017</u>   | <u>2.7%</u>                   |
| <b>Excess (deficit) of revenues over (under) expenses before transfers</b> | <u>(2,578)</u>             | <u>229</u>       | <u>(1,110)</u>              | <u>(1,332)</u>    | <u>(3,688)</u>   | <u>(1,103)</u>   | <u>234.4%</u>                 |
| Transfers  | <u>(69)</u>                | <u>(27)</u>      | <u>69</u>                   | <u>27</u>         | <u>-</u>         | <u>-</u>         | <u>0.0%</u>                   |
| <b>Change in net position (deficit)</b>                                    | <u>(2,647)</u>             | <u>202</u>       | <u>(1,041)</u>              | <u>(1,305)</u>    | <u>(3,688)</u>   | <u>(1,103)</u>   | <u>234.4%</u>                 |
| Net Position (deficits)-<br>Beginning                                      | <u>73,874</u>              | <u>68,171</u>    | <u>(7,683)</u>              | <u>(6,378)</u>    | <u>66,191</u>    | <u>61,793</u>    | <u>7.1%</u>                   |
| Restatement (see Note 16)  | -                          | <u>5,501</u>     | -                           | -                 | -                | 5,501            |                               |
| <b>Net position (deficits)<br/>Ending</b>                                  | <u>\$ 71,227</u>           | <u>\$ 73,874</u> | <u>\$ (8,724)</u>           | <u>\$ (7,683)</u> | <u>\$ 62,503</u> | <u>\$ 66,191</u> | <u>-5.6%</u>                  |

## Governmental Activities

Approximately 72.2% of revenues and transfers in were derived from property taxes, followed by 23.1% from operating and unrestricted grants, 4.1% from charges for services, 0.3% from capital grants and contributions, and 0.3% from investment earnings and other miscellaneous revenue sources.



Major revenue factors included:

- Property tax revenues collected in FY 16 totaled \$89.3 million, which represents an increase of \$2.2 million or 2.5% over FY 15 tax revenues. The FY 16 Town's mill rate of 30.92 reflected an increase of 0.45 from FY 15. The Town's collection rate on the current adjusted levy, including the interim motor vehicle tax, was 98.77%, as compared to the prior year's rate of 98.81%.
- Capital grants and contributions decreased by \$707 thousand mostly due to timing of grants received for road projects.
- Charges for Services decreased \$872 thousand from the prior year. This decrease is a result of fewer Police Private Duty jobs and receiving one-time revenues in FY 15 for the sale of the Town's public works garage.
- Investment Income increased 19.3% versus FY 15 based on an improving interest rate environment.

For Governmental Activities in FY 16, approximately 68.0% of the Town's expenses relate to education (vs. 67.6% in FY 15), 11.2% (vs. 11.2% in FY 15) to general government, 9.1% (9.2% in FY 15) relate to public safety, 5.8% (vs. 6.1% in FY 15) relate to public works, 3.7% (3.6% in FY 15) to culture and recreation, 1.6% (vs. 1.4% in FY 15) to human services, and 0.6% (vs. 0.9% in FY 15) to interest on long-term debt. It is important to remember that these expenses include non-budgetary items such as depreciation and disposal of capital assets, the change in compensated absence accruals, as well as pension and OPEB (other post-employment benefits) costs.

Major expense factors included:

- Non-affiliated administrative employee's salaries increased up to 2.50% based on merit. Public safety dispatchers' salaries increased 2.25%. Police increased as follows: Police Officer 3.25%; Detective 2.00%; Sergeant 1.50%; Shift Commander 1.50%; and, Animal Control 3.25%. Public works/clerical worker collective bargaining group contract for July 1, 2015 through June 30, 2016 was not settled as of June 30, 2016. Subsequently the contract settled with an increase of 2.25%.

The 2.25% was distributed retroactively and is reflected in the General Fund Assigned Fund Balance at June 30, 2016.

- FY 16 reflected the fourth year of the BOE self-insured health program. The town side had implemented this same program in FY 12.

#### Business-Type Activities

- There was a \$1.0 million increase to the Business Type Activities deficit. This was due primarily to expenditures for closure costs for the landfill. The Landfill discontinued accepting municipal solid waste (MSW) on June 30, 2014 and has since then converted to a transfer station facility for residents.

#### **Financial Analysis of the Fund Financial Statements**

As noted earlier, the Town of Windsor uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town of Windsor'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 of Windsor's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2016 the Town of Windsor's governmental funds reported combined ending fund balances of \$37.4 million, a decrease of \$1.7 million from \$39.1 million the previous year. This is primarily due to timing of receipts of revenues versus the timing of expenditures in the Capital Projects Fund for the Clover Street School HVAC system and the purchase of a fire department ladder truck. The bond proceeds for these projects were received in FY 15 and the expenditures were paid for in FY 16. The unassigned fund balance constitutes 52.5% of the total fund balance. The remainder of the fund balance is considered either nonspendable, restricted, committed, or assigned as defined by GASB 54 fund balance definitions. These fund balance definitions can be found in note 1 in the notes to the financial statements.

The General Fund is the chief operating fund of the Town of Windsor. As of June 30, 2016, unassigned fund balance of the General Fund was \$19.6 million, while total fund balance was \$24.4 million. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18.4% of total General Fund expenditures of \$106.6 million, while total fund balance represents 22.9% of that same amount.

The Capital Projects Fund had a total fund balance of \$7.4 million (\$988 thousand in assigned fund balance), which is a decrease of \$2.6 million from a balance of \$10.0 million in the prior year. The decrease is primarily due to timing of receipts of revenues versus the timing of expenditures in the Capital Projects Fund for the Clover Street School HVAC system and the purchase of the fire department ladder truck. The bond proceeds for these projects was received in the previous fiscal year and the expenditures were paid for in FY 16.

**Proprietary funds.** The Town of Windsor's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position (deficits) of the Landfill Enterprise Fund at the end of the year was approximately \$(9.5) million with unrestricted net position (deficits) of approximately \$(9.6) million compared to \$(8.3) million and \$(8.4) million in the prior year. The Landfill Enterprise Fund had a net loss during the year of \$1.2 million compared with a net loss of \$1.3 million in the prior year. The net loss is related to continuation of the planned closure and capping construction activity.

## General Fund Budgetary Highlights

Actual revenues on a budgetary basis were \$106.4 million, including transfers-in. This amount exceeded budgetary estimates by \$853 thousand. The major revenue variances were:

- General property tax collections in excess of estimates by \$722 thousand.
- Building permits exceeded budget by \$279 thousand and is attributable to project timing for projects such as construction at 69 Mechanic Street, Loomis Chaffee School buildings, as well as a few unanticipated projects.
- Conveyance Fees exceeded budget by \$413 thousand and is attributable to unanticipated large property sales such as KTR, PRA Suites on Corporate Drive and 1080 Day Hill Road.

Actual expenditures, including transfers-out, but not use of fund balance, were \$105.5 million and kept under budget by \$955 thousand. This was primarily due to vacant positions, worker compensation and disability claims, storm control and Board of Education expenditure savings.

The difference between the original budget and the final amended budget was for an additional appropriation of \$177,574 from fund balance. Uses were as follows:

|                                  |                   |
|----------------------------------|-------------------|
| Town Green Fountain              | \$ 30,000         |
| Caring Connection Adult Day Care | 147,574           |
|                                  | <u>\$ 177,574</u> |

These items combined (additional revenues, expenditure savings and use of fund balance) produced an increase of \$730 thousand to the General Fund budgetary fund balance. This takes into consideration that the \$900 thousand opening cash appropriation was not needed to balance the budget as actual revenues exceeded actual expenditures during the year.

## Capital Asset and Debt Administration

### Capital Assets

The Town of Windsor's investment in capital assets for its governmental and business type activities as of June 30, 2016, amounted to \$103.7 million (net of accumulated depreciation) compared to \$102.3 million in the prior fiscal year. This investment in capital assets includes land, building and mechanical improvements, machinery and equipment, park facilities, roads, sewers and bridges.

### **TOWN OF WINDSOR CONNECTICUT CAPITAL ASSETS (net of depreciation) June 30, 2016**

|                            | Governmental<br>Activities | Business-<br>Type<br>Activities | Total             |
|----------------------------|----------------------------|---------------------------------|-------------------|
| Land                       | \$ 4,913                   | \$ -                            | \$ 4,913          |
| Construction in progress   | 6,519                      | -                               | 6,519             |
| Buildings and improvements | 62,777                     | 109                             | 62,886            |
| Infrastructure             | 19,381                     | -                               | 19,381            |
| Machinery and equipment    | 9,975                      | 30                              | 10,005            |
| <b>Total</b>               | <u>\$ 103,565</u>          | <u>\$ 139</u>                   | <u>\$ 103,704</u> |

Major additions during the year included the following:

- School Heating System Conversions
- School Exterior Lighting Upgrades
- School Network Infrastructure Upgrades
- Town Hall Window Replacements
- Town Facility Energy Improvements
- Town Hall Interior Renovations
- L.P. Wilson Underground Pipe Replacement
- Custer and Lancaster Park Playground Improvements
- NexGen Public Safety Software
- Fire Department Ladder Truck

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

**Debt Administration**

At the end of the current fiscal year, the Town of Windsor had total bonded debt outstanding of \$38.5 million. 100% of this debt is backed by the full faith and credit of the Town government.

**TOWN OF WINDSOR CONNECTICUT  
OUTSTANDING DEBT  
June 30, 2016**

|                          | Governmental<br>Activities |
|--------------------------|----------------------------|
| General obligation bonds | <u>\$ 38,520,000</u>       |

The Town of Windsor's total bonded debt decreased by \$1.2 million or 3.13% during the current fiscal year compared to a 0.95% increase in the prior year.

The Town of Windsor general obligation bond ratings are AAA from Standard & Poor's. The AAA rating from Standard and Poor's was reaffirmed in June of 2016 when the Town issued \$4.3 million of general obligation bonds and \$450 thousand in bond anticipation notes.

The State of Connecticut limits the amount of general obligation debt that towns and cities can issue based on a formula determined under State Statutes and according to type of debt and the tax base. The Town's overall statutory debt limit is equal to seven times annual receipts from taxation or \$646.4 million, up from \$613.5 million in FY 15. As of June 30, 2016, the Town recorded long-term debt of \$38.5 million related to Governmental Activities, well below its statutory debt limits. The following is a summary as of June 30, 2016, of the future principal and interest requirements for the Town's general obligation bonds:

| Fiscal<br>Year Ending | Principal<br>Payments | Interest<br>Payments | Total Debt<br>Service |
|-----------------------|-----------------------|----------------------|-----------------------|
| 2017                  | \$ 5,850,000          | \$ 1,033,996         | \$ 6,883,996          |
| 2018                  | 5,690,000             | 841,556              | 6,531,556             |
| 2019                  | 5,350,000             | 659,313              | 6,009,313             |
| 2020                  | 5,345,000             | 493,125              | 5,838,125             |
| 2021                  | 4,380,000             | 356,563              | 4,736,563             |
| 2022                  | 3,275,000             | 266,393              | 3,541,393             |
| 2023                  | 3,225,000             | 181,118              | 3,406,118             |
| 2024                  | 2,240,000             | 115,488              | 2,355,488             |
| 2025                  | 1,230,000             | 68,838               | 1,298,838             |
| 2026                  | 805,000               | 43,050               | 848,050               |
| 2027                  | 775,000               | 24,700               | 799,700               |
| 2028                  | 355,000               | 7,100                | 362,100               |
|                       | <u>\$ 38,520,000</u>  | <u>\$ 4,091,237</u>  | <u>\$ 42,611,237</u>  |

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

### **Economic Factors**

As of October 2016, the unemployment rate for Windsor was 4.5%. The unemployment rate for the Hartford labor market area was 4.5% and for the State of Connecticut it stood at 4.5%. The overall national average was 4.7% for this same time period.

Unemployment rates have improved since last year, and the overall economy continues to improve as well. The Town's main source of revenue are property taxes, and this income stream has proved to be stable. State revenues make up a smaller portion of the Town's total revenue, but fortunately this revenue has seen only minor fluctuations in the current period. Even with an over-reliance on property taxes and no significant increases in state aid, the Town has been able to adjust expenditures accordingly and continues to provide high levels of service.

The Town has a high quality tax base which includes a diverse mix of commercial and business enterprises, and this lends even more stability to the Town's revenue. The Town has maintained an active economic development program that has attracted and retained firms, and prides itself on a fast development approval process. Windsor has positioned itself as a destination address for office and commercial development, and this increased development will lend itself to an increase in the tax base in coming years. Statistics on growth for the last ten years are available in the statistical section of this report.

### **Requests for Information**

The Town of Windsor Comprehensive Annual Financial Report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances, and to demonstrate transparency and the Town's accountability for the money it receives and expends. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance at 275 Broad Street, Windsor, CT 06095.



## **Basic Financial Statements**

Town of Windsor, Connecticut

Statement of Net Position (Deficits)  
June 30, 2016

|  | Primary Government         |                             |                      |
|--|----------------------------|-----------------------------|----------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>Assets</b>  |                            |                             |                      |
| Cash and cash equivalents                              | \$ 40,760,025              | \$ 21,039,962               | \$ 61,799,987        |
| Investments  | 12,244,057                 | 7,261,759                   | 19,505,816           |
| Receivables:   |                            |                             |                      |
| Property taxes, net of allowance for collection losses | 1,380,972                  | -                           | 1,380,972            |
| Accounts receivable                                    | 803,423                    | -                           | 803,423              |
| Customer receivables                                   | 28,000                     | 77,053                      | 105,053              |
| Community rehabilitation loans, net                    | 2,144,650                  | -                           | 2,144,650            |
| Inventories  | 30,701                     | -                           | 30,701               |
| Restricted cash and cash equivalents - capital outlay  | 2,172,077                  | -                           | 2,172,077            |
| Prepays  | 5,247                      | -                           | 5,247                |
| Net pension asset                                      | 3,332,712                  | -                           | 3,332,712            |
| Capital assets, not being depreciated                  | 11,431,419                 | -                           | 11,431,419           |
| Capital assets, being depreciated, net of depreciation | 92,133,886                 | 139,298                     | 92,273,184           |
| <b>Total assets</b>                                    | <b>166,467,169</b>         | <b>28,518,072</b>           | <b>194,985,241</b>   |
| Deferred outflows of resources:                        |                            |                             |                      |
| Deferred charge on refunding                           | 293,118                    | -                           | 293,118              |
| Deferred pension expense                               | 9,128,033                  | -                           | 9,128,033            |
| <b>Total deferred outflows<br/>of resources</b>        | <b>9,421,151</b>           | <b>-</b>                    | <b>9,421,151</b>     |
| <b>Liabilities</b>                                     |                            |                             |                      |
| Accounts payable and accruals                          | 6,214,305                  | 84,383                      | 6,298,688            |
| Accrued interest payable                               | 332,475                    | -                           | 332,475              |
| Bond anticipation notes                                | 450,000                    | -                           | 450,000              |
| Unearned revenues                                      | 1,288,358                  | 12,339                      | 1,300,697            |
| Long-term liabilities:                                 |                            |                             |                      |
| Due within one year                                    | 6,065,331                  | 1,499,376                   | 7,564,707            |
| Due in more than one year                              | 86,868,178                 | 35,645,328                  | 122,513,506          |
| <b>Total liabilities</b>                               | <b>101,218,647</b>         | <b>37,241,426</b>           | <b>138,460,073</b>   |
| Deferred inflows of resources:                         |                            |                             |                      |
| Advance property tax collections                       | 3,355,856                  | -                           | 3,355,856            |
| Deferred pension credit                                | 87,129                     | -                           | 87,129               |
| <b>Total deferred inflows<br/>of resources</b>         | <b>3,442,985</b>           | <b>-</b>                    | <b>3,442,985</b>     |
| Net position (deficits):                               |                            |                             |                      |
| Net investment in capital assets                       | 68,217,968                 | 139,298                     | 68,357,266           |
| Restricted   |                            |                             |                      |
| Community rehabilitation program                       | 2,144,650                  | -                           | 2,144,650            |
| Public works   | 1,125,703                  | -                           | 1,125,703            |
| Other  | 477,560                    | -                           | 477,560              |
| Unrestricted (deficit)                                 | (739,193)                  | (8,862,652)                 | (9,601,845)          |
| <b>Total net position (deficits)</b>                   | <b>\$ 71,226,688</b>       | <b>\$ (8,723,354)</b>       | <b>\$ 62,503,334</b> |

See notes to financial statements.

Town of Windsor, Connecticut

Statement of Activities  
Year Ended June 30, 2016

| Functions/Programs   | Expenses                | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Positions<br>Primary Government |                          |                      |
|--|-------------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|----------------------|
|  |                         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities  | Business-type Activities | Total                |
| Primary government:  |                         |                      |                                    |                                  |  |                          |                      |
| Governmental activities:                                     |                         |                      |                                    |                                  |  |                          |                      |
| General government   | \$ (14,169,618)         | \$ 1,488,200         | \$ 167,257                         | \$ -                             | \$ (12,514,161)  | \$ -                     | \$ (12,514,161)      |
| Culture & recreation   | (4,707,146)             | 1,375,165            | 38,316                             | -                                | (3,293,665)  | -                        | (3,293,665)          |
| Human services   | (1,972,768)             | 122,016              | 198,672                            | -                                | (1,652,080)  | -                        | (1,652,080)          |
| Public works   | (7,282,125)             | 164,682              | 407,465                            | 446,223                          | (6,263,755)  | -                        | (6,263,755)          |
| Education  | (85,834,050)            | 1,368,739            | 25,846,211                         | -                                | (58,619,100)   | -                        | (58,619,100)         |
| Public safety  | (11,516,901)            | 522,184              | 77,300                             | -                                | (10,917,417)   | -                        | (10,917,417)         |
| Interest expense   | (790,090)               | -                    | -                                  | -                                | (790,090)  | -                        | (790,090)            |
| <b>Total governmental activities</b>                         | <b>(126,272,698)</b>    | <b>5,040,986</b>     | <b>26,735,221</b>                  | <b>446,223</b>                   | <b>(94,050,268)</b>  | <b>-</b>                 | <b>(94,050,268)</b>  |
| Business-type activities:                                    |                         |                      |                                    |                                  |  |                          |                      |
| Landfill   | (1,505,063)             | 16,009               | 174,673                            | -                                | -  | (1,314,381)              | (1,314,381)          |
| Child development  | (1,052,599)             | 1,089,127            | -                                  | -                                | -  | 36,528                   | 36,528               |
| Adult caring connection                                      | (487,210)               | 450,090              | -                                  | -                                | -  | (37,120)                 | (37,120)             |
| Resident transfer station                                    | (145,921)               | 254,880              | -                                  | -                                | -  | 108,959                  | 108,959              |
| <b>Total business-type activities</b>                        | <b>(3,190,793)</b>      | <b>1,810,106</b>     | <b>174,673</b>                     | <b>-</b>                         | <b>-</b>   | <b>(1,206,014)</b>       | <b>(1,206,014)</b>   |
| <b>Total primary government</b>                              | <b>\$ (129,463,491)</b> | <b>\$ 6,851,092</b>  | <b>\$ 26,909,894</b>               | <b>\$ 446,223</b>                | <b>(94,050,268)</b>  | <b>(1,206,014)</b>       | <b>(95,256,282)</b>  |
| General revenues:  |                         |                      |                                    |                                  |  |                          |                      |
| Property taxes   |                         |                      |                                    |                                  | 89,289,617   | -                        | 89,289,617           |
| Miscellaneous  |                         |                      |                                    |                                  | 205,087  | -                        | 205,087              |
| Grants and contributions not restricted to specific programs |                         |                      |                                    |                                  | 1,776,947  | -                        | 1,776,947            |
| Unrestricted investment earnings                             |                         |                      |                                    |                                  | 200,456  | 96,154                   | 296,610              |
| Internal transfers   |                         |                      |                                    |                                  | (69,066)   | 69,066                   | -                    |
| <b>Total general revenues and internal transfers</b>         |                         |                      |                                    |                                  | <b>91,403,041</b>  | <b>165,220</b>           | <b>91,568,261</b>    |
| <b>Change in net position</b>                                |                         |                      |                                    |                                  | <b>(2,647,227)</b>   | <b>(1,040,794)</b>       | <b>(3,688,021)</b>   |
| Net position (deficits) - beginning (as restated), Note 1    |                         |                      |                                    |                                  | 73,873,915   | (7,682,560)              | 66,191,355           |
| Net position (deficits) - ending                             |                         |                      |                                    |                                  | <b>\$ 71,226,688</b>   | <b>\$ (8,723,354)</b>    | <b>\$ 62,503,334</b> |

See notes to financial statements.

**Town of Windsor, Connecticut**

**Balance Sheet - Governmental Funds  
June 30, 2016**

|   | Major Funds          |                               |                     | Other<br>Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|-------------------------------|---------------------|--|--------------------------------|
|   | General              | Educational<br>Grant Programs | Capital<br>Projects |  |                                |
| <b>Assets</b>   |                      |                               |                     |  |                                |
| Cash and cash equivalents   | \$ 21,673,810        | \$ 2,522,398                  | \$ 3,779,348        | \$ 2,610,016                               | \$ 30,585,572                  |
| Investments   | 7,466,292            | 27,646                        | 2,054,083           | 845,408                                    | 10,393,429                     |
| Restricted cash and cash equivalents                                      | -                    | -                             | 2,172,077           | -  | 2,172,077                      |
| Receivables (net of allowances for collection losses):                    |                      |                               |                     |  |                                |
| Property taxes  | 1,380,972            | -                             | -                   | -  | 1,380,972                      |
| Accounts receivable   | 348,830              | 6,210                         | 180,920             | 267,463                                    | 803,423                        |
| Community rehabilitation loans, net                                       | -                    | -                             | -                   | 2,144,650                                  | 2,144,650                      |
| Due from other funds  | 1,070,448            | -                             | -                   | -  | 1,070,448                      |
| Prepays   | -                    | -                             | -                   | 5,247                                      | 5,247                          |
| Inventories   | 21,599               | -                             | -                   | 9,102                                      | 30,701                         |
| <b>Total assets</b>   | <b>\$ 31,961,951</b> | <b>\$ 2,556,254</b>           | <b>\$ 8,186,428</b> | <b>\$ 5,881,886</b>                        | <b>\$ 48,586,519</b>           |
| <b>Liabilities</b>  |                      |                               |                     |  |                                |
| Accounts payable and accrued liabilities                                  | \$ 3,016,735         | \$ 230,545                    | \$ 199,783          | \$ 81,348                                  | \$ 3,528,411                   |
| Bond anticipation notes   | -                    | -                             | 450,000             | -  | 450,000                        |
| Unearned revenues   | -                    | 1,280,600                     | -                   | 7,758                                      | 1,288,358                      |
| Due to other funds  | -                    | 1,045,109                     | -                   | 131,817                                    | 1,176,926                      |
| <b>Total liabilities</b>  | <b>3,016,735</b>     | <b>2,556,254</b>              | <b>649,783</b>      | <b>220,923</b>                             | <b>6,443,695</b>               |
| Deferred inflow of resources:   |                      |                               |                     |  |                                |
| Advance tax collections   | \$ 3,355,856         | \$ -                          | \$ -                | \$ -                                       | \$ 3,355,856                   |
| Unavailable resources   | 1,196,929            | -                             | 180,920             | -  | 1,377,849                      |
| <b>Total deferred inflows of resources</b>                                | <b>4,552,785</b>     | <b>-</b>                      | <b>180,920</b>      | <b>-</b>                                   | <b>4,733,705</b>               |
| Fund balances:  |                      |                               |                     |  |                                |
| Nonspendable  | 21,599               | -                             | -                   | 22,102                                     | 43,701                         |
| Restricted  | -                    | -                             | 2,160,630           | 3,747,913                                  | 5,908,543                      |
| Committed   | -                    | -                             | 4,207,570           | 1,573,118                                  | 5,780,688                      |
| Assigned  | 4,727,980            | -                             | 987,525             | 317,830                                    | 6,033,335                      |
| Unassigned  | 19,642,852           | -                             | -                   | -  | 19,642,852                     |
| <b>Total fund balances</b>  | <b>24,392,431</b>    | <b>-</b>                      | <b>7,355,725</b>    | <b>5,660,963</b>                           | <b>37,409,119</b>              |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <b>\$ 31,961,951</b> | <b>\$ -</b>                   | <b>\$ 8,186,428</b> | <b>\$ 5,881,886</b>                        |                                |

Amounts reported for governmental activities in the statement of net position are different because:

|  |              |
|--|--------------|
| Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net position includes those capital assets and accumulated depreciation among the assets of the Town as a whole. | 103,565,305  |
| Other long-term assets are not available and therefore not recognized in the funds.  | 1,377,849    |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.   | (92,933,509) |
| Deferred charge on refunding   | 293,118      |
| Net pension asset  | 3,332,712    |
| Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.             | 9,473,665    |
| Deferred pension expense   | 9,128,033    |
| Deferred pension credit  | (87,129)     |
| Accrued interest payable   | (332,475)    |

Net position of governmental activities

\$ 71,226,688

See notes to financial statements.

Town of Windsor, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds  
 Year Ended June 30, 2016

|   | Major Funds          |                               |                     | Other<br>Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|-------------------------------|---------------------|--|--------------------------------|
|   | General              | Educational<br>Grant Programs | Capital<br>Projects |  |                                |
| <b>Revenues:</b>  |                      |                               |                     |  |                                |
| Property taxes  | \$ 89,012,808        | \$ -                          | \$ -                | \$ -                                       | \$ 89,012,808                  |
| State and Federal governments                                     | 21,906,514           | 3,785,326                     | 305,303             | 2,780,328                                  | 28,777,471                     |
| Charges for services  | 3,910,777            | -                             | -                   | 1,130,209                                  | 5,040,986                      |
| Investment income   | 160,456              | -                             | 28,090              | 11,910                                     | 200,456                        |
| Other   | -                    | -                             | 61,130              | 153,042                                    | 214,172                        |
| <b>Total revenues</b>   | <b>114,990,555</b>   | <b>3,785,326</b>              | <b>394,523</b>      | <b>4,075,489</b>                           | <b>123,245,893</b>             |
| <b>Expenditures:</b>  |                      |                               |                     |  |                                |
| <b>Current:</b>   |                      |                               |                     |  |                                |
| Education   | 72,839,199           | 3,785,326                     | -                   | 2,953,094                                  | 79,577,619                     |
| General government  | 12,354,861           | -                             | -                   | 227,424                                    | 12,582,285                     |
| Culture and recreation  | 4,058,702            | -                             | -                   | 76,120                                     | 4,134,822                      |
| Human services  | 1,373,878            | -                             | -                   | 149,729                                    | 1,523,607                      |
| Public safety   | 10,228,327           | -                             | -                   | 112,229                                    | 10,340,556                     |
| Public works  | 5,732,843            | -                             | -                   | 445,434                                    | 6,178,277                      |
| <b>Debt service:</b>  |                      |                               |                     |  |                                |
| Principal retirements   | -                    | -                             | -                   | 5,530,000                                  | 5,530,000                      |
| Interest and other charges  | -                    | -                             | -                   | 1,142,435                                  | 1,142,435                      |
| Capital outlay  | -                    | -                             | 8,241,327           | -  | 8,241,327                      |
| <b>Total expenditures</b>   | <b>106,587,810</b>   | <b>3,785,326</b>              | <b>8,241,327</b>    | <b>10,636,465</b>                          | <b>129,250,928</b>             |
| <b>Excess (deficiency) revenues over<br/>(under) expenditures</b> | <b>8,402,745</b>     | <b>-</b>                      | <b>(7,846,804)</b>  | <b>(6,560,976)</b>                         | <b>(6,005,035)</b>             |
| <b>Other financing sources (uses):</b>                            |                      |                               |                     |  |                                |
| Transfers in  | 78,508               | -                             | 947,000             | 6,621,130                                  | 7,646,638                      |
| Transfers out   | (7,715,704)          | -                             | -                   | -  | (7,715,704)                    |
| Issuance of bonds   | -                    | -                             | 4,285,000           | -  | 4,285,000                      |
| Premium on bonds issued   | -                    | -                             | -                   | 116,613                                    | 116,613                        |
| <b>Total other financing sources (uses)</b>                       | <b>(7,637,196)</b>   | <b>-</b>                      | <b>5,232,000</b>    | <b>6,737,743</b>                           | <b>4,332,547</b>               |
| <b>Change in fund balances</b>                                    | <b>765,549</b>       | <b>-</b>                      | <b>(2,614,804)</b>  | <b>176,767</b>                             | <b>(1,672,488)</b>             |
| Fund balances, beginning  | 23,626,882           | -                             | 9,970,529           | 5,484,196                                  | 39,081,607                     |
| <b>Fund balances, ending</b>                                      | <b>\$ 24,392,431</b> | <b>\$ -</b>                   | <b>\$ 7,355,725</b> | <b>\$ 5,660,963</b>                        | <b>\$ 37,409,119</b>           |

See notes to financial statements.

**Town of Windsor, Connecticut**

**Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities**

**Year Ended June 30, 2016**

|  |                                     |
|--|-------------------------------------|
| Net change in fund balances – total governmental funds   | \$ (1,672,488)                      |
| Amounts reported for governmental activities in the statement of activities are 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. This is the amount by which capital outlays exceeded depreciation exceeded in the current period.  | 1,421,540                           |
| Changes in receivables that impact revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  | 448,644                             |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net positions. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | (5,841,801)                         |
| Change in net pension asset  | (615,147)                           |
| Deferred outflow - change in investment experience (CMERS)   | 452,139                             |
| Deferred inflow - change in investment experience (CMERS)  | 728,515                             |
| Deferred outflow- change in contributions made subsequent to measurement date (CMERS)  | (74,948)                            |
| Deferred outflow- change in difference between expected and actual experience (Town Plan)  | 14,782                              |
| Deferred inflow- change in difference between expected and actual experience (Town Plan)   | 45,858                              |
| Deferred outflow - change of assumptions (Town Plan)   | 727,590                             |
| Deferred inflow - change in net difference between expected and actual earnings (Town Plan)  | 3,986,935                           |
| Changes in some liabilities that impact expenses reported in the statement of do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.  | (4,002,689)                         |
| The net income of certain activities of internal service funds is reported with governmental activities  | <u>1,733,843</u>                    |
| <b>Change in net position of governmental activities</b>   | <b><u><u>\$ (2,647,227)</u></u></b> |

See notes to financial statements.

Town of Windsor, Connecticut

Statement of Net Position (Deficits) - Proprietary Funds  
June 30, 2016

|  | Business-Type Activities - Enterprise Funds |  |                       | Governmental<br>Activities  |
|--|---|--|-----------------------|-----------------------------|
|  | Landfill                                    | Other<br>Nonmajor<br>Enterprise<br>Funds | Total                 | Internal<br>Service<br>Fund |
| <b>Assets</b>                                    |   |  |                       |                             |
| Current assets:                                  |   |  |                       |                             |
| Cash and cash equivalents                        | \$ 20,447,335                               | \$ 592,627                               | \$ 21,039,962         | \$ 10,174,453               |
| Receivables                                      |   |  |                       |                             |
| Customer receivables, net                        | 8,257                                       | 68,796                                   | 77,053                | 28,000                      |
| Due from other funds                             | -   | -  | -                     | 106,478                     |
| Investments                                      | 7,057,220                                   | 204,539                                  | 7,261,759             | 1,850,628                   |
| <b>Total current assets</b>                      | <b>27,512,812</b>                           | <b>865,962</b>                           | <b>28,378,774</b>     | <b>12,159,559</b>           |
| Noncurrent assets:                               |   |  |                       |                             |
| Capital assets (net of accumulated depreciation) | 120,776                                     | 18,522                                   | 139,298               | -                           |
| <b>Total noncurrent assets</b>                   | <b>120,776</b>                              | <b>18,522</b>                            | <b>139,298</b>        | <b>-</b>                    |
| <b>Total assets</b>                              | <b>27,633,588</b>                           | <b>884,484</b>                           | <b>28,518,072</b>     | <b>12,159,559</b>           |
| <b>Liabilities</b>                               |   |  |                       |                             |
| Current liabilities:                             |   |  |                       |                             |
| Accounts payable and accrued liabilities         | 48,025                                      | 52,534                                   | 100,559               | 106,947                     |
| Unearned revenue                                 | -   | 12,339                                   | 12,339                | -                           |
| Accrued claims payable                           | -   | -  | -                     | 1,378,947                   |
| Accrued post closure costs                       | 1,483,200                                   | -  | 1,483,200             | -                           |
| <b>Total current liabilities</b>                 | <b>1,531,225</b>                            | <b>64,873</b>                            | <b>1,596,098</b>      | <b>1,485,894</b>            |
| Noncurrent liabilities:                          |   |  |                       |                             |
| Accrued post closure costs                       | 35,596,800                                  | -  | 35,596,800            | -                           |
| Compensated absences                             | 11,423                                      | 37,105                                   | 48,528                | -                           |
| Accrued claims payable                           | -   | -  | -                     | 1,200,000                   |
| <b>Total noncurrent liabilities</b>              | <b>35,608,223</b>                           | <b>37,105</b>                            | <b>35,645,328</b>     | <b>1,200,000</b>            |
| <b>Total liabilities</b>                         | <b>37,139,448</b>                           | <b>101,978</b>                           | <b>37,241,426</b>     | <b>2,685,894</b>            |
| Net position (deficits):                         |   |  |                       |                             |
| Net investment in capital assets                 | 120,776                                     | 18,522                                   | 139,298               | -                           |
| Unrestricted net position (deficits)             | (9,626,636)                                 | 763,984                                  | (8,862,652)           | 9,473,665                   |
| <b>Total net position (deficits)</b>             | <b>\$ (9,505,860)</b>                       | <b>\$ 782,506</b>                        | <b>\$ (8,723,354)</b> | <b>\$ 9,473,665</b>         |

See notes to financial statements.

Town of Windsor, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position (Deficits) - Proprietary Funds  
Year Ended June 30, 2016

|   | Business-Type Activities - Enterprise Funds |  |                       | Governmental                              |
|---|---|--|-----------------------|---|
|   | Landfill                                    | Other<br>Nonmajor<br>Enterprise<br>Funds | Total                 | Internal<br>Service<br>Fund<br>Activities |
| Operating revenues:                     |   |  |                       |   |
| State grant                             | \$ 174,673                                  | \$ -                                     | \$ 174,673            | \$ -                                      |
| User charges                            | 16,009                                      | 1,794,097                                | 1,810,106             | 17,373,724                                |
| <b>Total operating revenues</b>         | <b>190,682</b>                              | <b>1,794,097</b>                         | <b>1,984,779</b>      | <b>17,373,724</b>                         |
| Operating expenses:                     |   |  |                       |   |
| Operations and maintenance              | 1,500,107                                   | 1,682,528                                | 3,182,635             | -   |
| Claims                                  | -   | -  | -                     | 15,660,856                                |
| Depreciation                            | 4,956                                       | 3,202                                    | 8,158                 | -   |
| <b>Total operating expenses</b>         | <b>1,505,063</b>                            | <b>1,685,730</b>                         | <b>3,190,793</b>      | <b>15,660,856</b>                         |
| <b>Operating income (loss)</b>          | <b>(1,314,381)</b>                          | <b>108,367</b>                           | <b>(1,206,014)</b>    | <b>1,712,868</b>                          |
| Nonoperating revenues:                  |   |  |                       |   |
| Interest income                         | 94,795                                      | 1,359                                    | 96,154                | 20,975                                    |
| <b>Income (loss) before transfers</b>   | <b>(1,219,586)</b>                          | <b>109,726</b>                           | <b>(1,109,860)</b>    | <b>1,733,843</b>                          |
| Transfers in                            | -   | 147,574                                  | 147,574               | -   |
| Transfers out                           | -   | (78,508)                                 | (78,508)              | -   |
| <b>Change in net position (deficit)</b> | <b>(1,219,586)</b>                          | <b>178,792</b>                           | <b>(1,040,794)</b>    | <b>1,733,843</b>                          |
| Net position (deficits), beginning      | (8,286,274)                                 | 603,714                                  | (7,682,560)           | 7,739,822                                 |
| <b>Net position (deficits), ending</b>  | <b>\$ (9,505,860)</b>                       | <b>\$ 782,506</b>                        | <b>\$ (8,723,354)</b> | <b>\$ 9,473,665</b>                       |

See notes to financial statements



Town of Windsor, Connecticut

Statement of Cash Flows - Proprietary Funds  
Year Ended June 30, 2016

|  | Business-Type Activities - Enterprise Funds |                                       |                       | Governmental<br>Activities  |
|--|---|---------------------------------------|-----------------------|-----------------------------|
|  | Landfill                                    | Other Nonmajor<br>Enterprise<br>Funds | Total                 | Internal<br>Service<br>Fund |
| <b>Cash flows from operating activities:</b>   |   |                                       |                       |                             |
| Receipts from customers and users  | \$ 193,296                                  | \$ 1,809,041                          | \$ 2,002,337          | \$ 17,380,045               |
| Payments to suppliers  | (1,334,852)                                 | (459,650)                             | (1,794,502)           | (15,353,907)                |
| Payments to employees  | (509,025)                                   | (1,245,541)                           | (1,754,566)           | -                           |
| <b>Net cash (used in) provided by<br/>operating activities</b>   | <b>(1,650,581)</b>                          | <b>103,850</b>                        | <b>(1,546,731)</b>    | <b>2,026,138</b>            |
| <b>Cash flows from noncapital financing activities:</b>  |   |                                       |                       |                             |
| Transfers in   | -   | 147,574                               | 147,574               | (106,478)                   |
| Transfers out  | -   | (78,508)                              | (78,508)              | -                           |
| <b>Net cash provided by noncapital<br/>financing activities</b>  | <b>-</b>                                    | <b>69,066</b>                         | <b>69,066</b>         | <b>(106,478)</b>            |
| <b>Cash flows from investing activities:</b>   |   |                                       |                       |                             |
| Interest received  | 94,795                                      | 1,359                                 | 96,154                | 20,975                      |
| Sale of investments  | 203,556                                     | -                                     | 203,556               | -                           |
| (Purchase) of investments  | -   | (48,909)                              | (48,909)              | (201,126)                   |
| <b>Net cash provided by (used in)<br/>investing activities</b>   | <b>298,351</b>                              | <b>(47,550)</b>                       | <b>250,801</b>        | <b>(180,151)</b>            |
| <b>Net increase (decrease) in cash<br/>and cash equivalents</b>  | <b>(1,352,230)</b>                          | <b>125,366</b>                        | <b>(1,226,864)</b>    | <b>1,739,509</b>            |
| <b>Cash and cash equivalents:</b>  |   |                                       |                       |                             |
| Beginning  | 21,799,565                                  | 467,261                               | 22,266,826            | 8,434,944                   |
| <b>Ending</b>  | <b>\$ 20,447,335</b>                        | <b>\$ 592,627</b>                     | <b>\$ 21,039,962</b>  | <b>\$ 10,174,453</b>        |
| <b>Reconciliation of operating income (loss) to net<br/>cash (used in) provided by operating activities:</b> |   |                                       |                       |                             |
| Operating income (loss)  | \$ (1,314,381)                              | \$ 108,367                            | \$ (1,206,014)        | \$ 1,712,868                |
| Adjustments to reconcile operating income (loss) to net<br>cash (used in) provided by operating activities:  |   |                                       |                       |                             |
| Depreciation   | 4,956                                       | 3,202                                 | 8,158                 | -                           |
| Changes in assets and liabilities:   |   |                                       |                       |                             |
| Decrease in accounts receivable  | 2,612                                       | 23,979                                | 26,591                | 6,321                       |
| Increase (decrease) in accounts payable  | (238,583)                                   | (22,663)                              | (261,246)             | 26,942                      |
| Increase in unearned revenue   | -   | (9,035)                               | (9,035)               | -                           |
| Increase (decrease) in accrued liabilities   | (105,185)                                   | -                                     | (105,185)             | 280,007                     |
| <b>Net cash (used in) provided by<br/>operating activities</b>   | <b>\$ (1,650,581)</b>                       | <b>\$ 103,850</b>                     | <b>\$ (1,546,731)</b> | <b>\$ 2,026,138</b>         |

See notes to financial statements.

Town of Windsor, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds  
June 30, 2016

|   | Pension<br>Trust Fund | OPEB<br>Trust Fund | Agency Funds   |
|---|-----------------------|--------------------|----------------|
| <b>Assets</b>                               |                       |                    |                |
| Cash and cash equivalents                   | \$ 867,977            | \$ 21,639          | \$ 990,812     |
| Investments:                                |                       |                    |                |
| Common stock                                | 7,848,476             | -                  | -              |
| Equity mutual funds                         | 31,054,195            | 473,140            | -              |
| Fixed income mutual funds                   | 17,415,245            | 271,576            | -              |
| Other Investments - real estate             | 3,456,743             | -                  | -              |
| <b>Total investments</b>                    | <b>59,774,659</b>     | <b>744,716</b>     | <b>-</b>       |
| Contributions receivable                    | 602,693               | -                  | -              |
| Other receivables                           | 3,313                 | 540                | -              |
| <b>Total assets</b>                         | <b>61,248,642</b>     | <b>766,895</b>     | <b>990,812</b> |
| <b>Liabilities</b>                          |                       |                    |                |
| Accounts payable                            | -                     | 536                | 990,812        |
| <b>Net position restricted for pensions</b> | <b>\$ 61,248,642</b>  | <b>\$ 766,359</b>  | <b>\$ -</b>    |

See notes to financial statements.

Town of Windsor, Connecticut

Statement of Changes in Fiduciary Net Position - Pension and OPEB Trust Funds  
Year Ended June 30, 2016

|   | Pension<br>Trust Fund | OPEB<br>Trust Fund |
|---|-----------------------|--------------------|
| Additions:  |                       |                    |
| Contributions:  |                       |                    |
| Employer  | \$ 1,026,539          | \$ 350,000         |
| Plan members  | 508,741               | -                  |
| <b>Total contributions</b>                                      | <u>1,535,280</u>      | <u>350,000</u>     |
| Investment income:  |                       |                    |
| Net appreciation (depreciation) in fair value<br>of investments | (2,586,208)           | (7,375)            |
| Interest and dividends  | 1,391,645             | 17,428             |
|   | <u>(1,194,563)</u>    | <u>10,053</u>      |
| Less investment expenses:                                       |                       |                    |
| Investment management fees                                      | 95,879                | 904                |
| <b>Net investment income</b>                                    | <u>(1,290,442)</u>    | <u>9,149</u>       |
| <b>Total additions</b>  | <u>244,838</u>        | <u>359,149</u>     |
| Deductions:   |                       |                    |
| Benefits  | 3,481,301             | -                  |
| <b>Change in plan net position</b>                              | <u>(3,236,463)</u>    | <u>359,149</u>     |
| Net position restricted for pensions:                           |                       |                    |
| Beginning of year   | 64,485,105            | 407,210            |
| <b>End of year</b>  | <u>\$ 61,248,642</u>  | <u>\$ 766,359</u>  |

See notes to financial statements.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

**Reporting entity:** The Town of Windsor, Connecticut (the Town) was founded by English settlers in 1633, making it the first town in the State of Connecticut. The Town operates under a Council-Manager form of government and provides the following services as authorized by its Charter: public safety, public works, sanitation, health and social services, culture-recreation, education, planning and zoning, and general administrative services. The Charter was most recently revised (via referendum) in 1998. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement Codification Section 2100 have been considered and there are no agencies or entities that should be, but are not, combined in the financial statements of the Town.

**Government-wide and fund financial statements:** The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **Accounting standards adopted in the current year:**

GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of this statement added additional disclosures to Note 3.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*. This statement completes the suite of pension standards. Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statement Nos. 67 and 68). The requirements in Statement No. 73 for reporting pensions generally are the same as in Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The implementation of this statement had no impact on the Town's financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of this statement had no impact on the Town's financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. The implementation of this statement had no impact on the Town's financial statements.

**Measurement focus, basis of accounting, and financial statement presentation:** The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, agency funds, unlike other fiduciary funds, report only assets and liabilities and do not have a measurement focus, and follow 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 for. Intergovernmental grants and entitlements and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenue when eligibility requirements are met, licenses, charges for services and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the Town.

**Governmental funds:** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

The following are the Town's major governmental funds:

The **General Fund** is the Town's primary operating fund. The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

The **Capital Project Fund** is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlay other than reported in proprietary funds.

The **Educational Grant Programs Fund** is used to account for specially financed education programs under grants received from the Federal or State government.

The other governmental funds of the Town are considered nonmajor and are as follows:

The **Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The **Debt Service Fund** is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

**Proprietary funds:** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows.

The Town reports the following major proprietary fund:

The **Landfill Fund** accounts for the operations of the Windsor-Bloomfield Sanitary Landfill.

The other proprietary funds of the Town are considered nonmajor and are as follows:

The **Milo Peck Child Development Center Fund** and the **Caring Connection Adult Day Care Center Fund** and the **Resident Transfer Station Fund**.

Additionally, the Town reports the following proprietary fund:

The **Internal Service Fund** accounts for all general health, auto, fire, heart and hypertension, and workers' compensation insurance activity, including premiums and claims.

#### **Fiduciary funds:**

The **Pension Trust Fund**, a fiduciary fund, accounts for the activities of the Town's defined benefit pension plan which accumulates resources for pension benefit payments to qualified employees upon retirement.

The **OPEB Trust Fund**, a fiduciary fund, accounts for the activities of the Town's other post employment benefit plan which accumulates resources for medical benefit payments to qualified employees upon retirement.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

The **Agency Funds**, fiduciary funds, account for monies held as a custodian for outside student groups and agencies and are used for performance bonds, adult education and scholarships.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations, which include premium charges and claims. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for the funds include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Accounting 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

**Property taxes:** Property taxes are assessed as of October 1, and are levied for on the following July 1, and due in one installment, July 1. Motor vehicle taxes are due in one installment on July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are filed by the last day of the fiscal year.

Delinquent real estate taxes are billed at least twice a year, with interest charged at a rate of 1.5 percent per month. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years, at which time they cease to be carried as receivables. However, they remain valid claims for up to 15 years after being levied.

**Cash and cash equivalents:** The Town classifies money market funds, Short-Term Investment Fund (STIF) investments, treasury bills and certificates of deposit having original maturities of three months or less when purchased as cash equivalents.

**Restricted cash and cash equivalents:** Certain assets are classified as restricted because their use is limited. Restricted cash and cash equivalents in the Capital Projects Fund are to be used for construction purposes.

**Allowance for doubtful accounts:** Accounts, notes receivable and community development loans are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based on past collection history and on analysis of creditor's ability to pay.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Valuation of investments:** Investments are reported at fair value. Fair values of securities held directly are based on quotations from national securities exchanges, except for pooled funds for which fair values are estimated as detailed below.

**Pooled Funds:** The fair value of shares in managed investment pools is based on unit values reported by the funds.

**Fair value:** The Town uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Town's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

**Level 1:** Quoted prices in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

**Level 3:** Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

See Note 3 for additional information regarding fair value.



## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Inventories and prepaids:** Inventories are stated at cost, determined on the first-in, first-out basis. Inventories of governmental funds are recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Deferred outflows/inflows of resources:** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental balance sheet. Advance tax collections represent taxes inherently associated with a future period. The amount is recognized in the period in which the revenue is associated.

**Capital assets:** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost greater than \$5,000 depending on asset classification and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs are capitalized on business-type activity capital assets.

Property, plant, and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives:

| <u>Capital Assets Categories</u>    | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings                           | 35-50        |
| Building improvements               | 20           |
| Distribution and collection systems | 50-65        |
| Public domain infrastructure        | 50           |
| System infrastructure               | 30           |
| Machinery and equipment             | 5-20         |

In the governmental fund financial statements, capital outlay (assets) is reported as expenditure and no depreciation expense is reported.

**Loans receivable:** The Town records its loans receivable for the Community Rehabilitation Program in the Special Revenue Funds as the loan proceeds are advanced, net of an allowance for collectible accounts.

**Net pension liability:** The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**Compensated absences:** Under the terms of its various union contracts, Town and Board of Education employees are granted vacation in varying amounts based on length of service. Sick leave does not vest. Town employees may carry over a limited number of unused vacation days (up to 30 days) to subsequent years and, in the event of termination, employees are reimbursed for accumulated vacation. Board of Education employees may carry over a limited number of unused vacation days to the next fiscal year.

Vacation leave expenditures are recognized in the governmental fund financial statements in the current year to the extent they are paid or due (matured). The liability for the remainder of the accrued vacation earned and not due is reported in the government-wide and proprietary fund financial statements.

The General Fund is typically used to liquidate the liability for compensated absences.

**Long-term obligations:** In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond principal premiums and discount are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Bond principal payments are recorded as expenditures. 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.

**Landfill closure and post-closure:** The Town accounts for the cost and estimated costs for closure and post-closure care costs in its Landfill Fund. The Landfill Fund is an enterprise fund. The fund accounts for the estimated total current costs of landfill closure and post-closure and are recognized as an expense and liability in each period in which the landfill accepts solid waste. Estimated total current costs are based on use. The Landfill discontinued accepting municipal solid waste (MSW) as of June 30, 2014 and has converted to a transfer station facility for residents.

#### Pension accounting:

**Pension Trust Fund:** The Pension Trust Fund is reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

#### Net other post-employment benefit obligations:

**Governmental funds and governmental activities:** In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation (asset), the cumulative differences between annual OPEB cost and the Town's contributions to the plan since July 1, 2008, are calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation (asset) is recorded in the government-wide financial statements.

**Encumbrances:** Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

All other General Fund appropriations lapse at year-end.

**Net position:** In the Government-Wide and Proprietary Fund Financial Statements, net position is classified in the following categories:

**Net investment in capital assets:** The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Restricted net position:** These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

**Unrestricted net position (deficit):** This category represents the net position of the Town, which are not restricted for any project or other purpose. A deficit will require future funding.

**Fund balance:** In the government fund financial statements, the Town classified fund balances as follows:

**Nonspendable fund balance:** Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted fund balance:** These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

**Committed fund balance:** This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision-making authority (Town of Windsor Town Council) in the form of a Resolution. Once adopted, the limitation, imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

**Assigned fund balance:** Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Under the Town's adopted policy, the Town Manager or the Finance Director has the authority to assign amounts for a specific purpose as delegated by the Town Council.

**Unassigned fund balance (deficit):** The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

Town of Windsor, Connecticut

Notes to Financial Statements

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**Note 2. Reconciliation of Government-wide and Fund Financial Statements**

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:** The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds, and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this difference are as follows:

|  |                      |
|--|----------------------|
| Bonds payable  | \$ 38,520,000        |
| Premiums, net of amortization  | 528,733              |
| Compensated absences   | 861,324              |
| Net pension liability  | 15,375,257           |
| OPEB   | <u>37,648,195</u>    |
| Net adjustment to reduce fund balance – total governmental funds<br>to arrive at net positions – governmental activities | <u>\$ 92,933,509</u> |

**Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:** The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds, and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that 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 details of this difference are as follows:

|  |                     |
|--|---------------------|
| Capital outlay   | \$ 7,660,829        |
| Depreciation expense   | <u>(6,239,289)</u>  |
| Net adjustment to decrease net changes in fund balances -<br>total governmental funds to arrive at changes in net position<br>of governmental activities | <u>\$ 1,421,540</u> |

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 2. Reconciliation of Government-wide and Fund Financial Statements (Continued)

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

|   |                     |
|---|---------------------|
| Debt issued or incurred:  |                     |
| Issuance of general obligation bonds  | \$ 4,285,000        |
| Loss on refundings  | 99,158              |
| Principal repayments:   |                     |
| General obligation debt   | (5,530,000)         |
| Amortization of premiums:   |                     |
| Bond premium  | (269,695)           |
| Net pension liability   | <u>7,257,338</u>    |
| Net adjustment to increase net changes in fund balances -<br>total governmental funds to arrive at change in net position of<br>governmental activities | <u>\$ 5,841,801</u> |

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this difference are as follows:

|  |                     |
|--|---------------------|
| Change in:   |                     |
| Compensated absences   | \$ 36,872           |
| OPEB obligation  | 4,031,012           |
| Accrued interest   | <u>(65,195)</u>     |
| Net adjustment to increase net changes in fund balances - total<br>governmental funds to arrive at changes in net position of<br>governmental activities | <u>\$ 4,002,689</u> |

#### Note 3. Cash, Cash Equivalents and Investments

**Deposits:** Town deposits can include demand accounts, savings accounts and certificates of deposits. The Town's policy for custodial credit risk follows the State of Connecticut requirements that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 3. Cash, Cash Equivalents and Investments (Continued)

**Investments:** Town policy for eligible investments are governed by State of Connecticut Statutes which, in general, allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by laws applicable to fiduciaries and the provisions of the applicable plan.

The Town has an investment policy for its pension and other post-employment benefit funds providing a target asset allocation of 51% equities (or equivalents), 29% fixed income, 15% asset allocation funds and 5% real estate.

With respect to mutual /co-mingled funds, the Pension Board will consider the following to insure proper diversification and function of each of the funds:

- a. The mutual fund/co-mingled pool organizations selected should demonstrate:  
(a) a clearly defined investment philosophy; (b) a consistent investment process; (c) an experienced and stable organization; and (d) cost-effectiveness.
- b. The mutual fund/co-mingled pool used will generally have at least a full three- year track record, or its equivalent, and the individual fund/pool must have at least \$25 million under management (or, as an organization, \$100 million in the same strategy) at the time of selection.
- c. Each mutual fund/co-mingled pool will be regularly evaluated for proper diversity and each will provide material information on a timely basis.
- d. With respect to hedge fund-of-funds, in addition to meeting each of the three above-specified criteria, each fund-of-funds will include an appropriate number of hedge fund managers to be considered well diversified. Investment strategies in hedge fund-of-funds may generally include: long/short U.S. equity, global equity, derivatives, distressed debt and other fixed income strategies, currency exposure, arbitrage and event driven strategies, and additional strategies with low correlation to traditional asset classes.

**Interest rate risk:** The Town's policy, which includes the Pension Trust Fund and the Other Post-Employment Benefit Trust Fund, is to limit its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 3. Cash, Cash Equivalents and Investments (Continued)

**Concentrations:** The Town's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer.

***Custodial credit risk:***

**Deposits:** This is the risk that, in the event of failure of a depository financial institution, a government 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. As of June 30, 2016, approximately \$73,575,000 of the Town's bank balance of approximately \$83,781,000 was uninsured and uncollateralized.

**Investments:** This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town and the pension trust funds do not have custodial credit risk policies for investments.

Cash, restricted cash and investments of the Town consist of the following at June 30, 2016:

Cash, restricted cash and equivalents:

|   |                     |
|---|---------------------|
| Deposits with financial institutions                    | \$ 81,910,089       |
| State short-term investment fund                        | 3,448,219           |
| Total cash, restricted cash and equivalents             | <u>85,358,308</u>   |
| Less certificates of deposits classified as investments | <u>(19,505,816)</u> |
|   | <u>65,852,492</u>   |

Pension and OPEB trust funds:

|  |                       |
|--|-----------------------|
| Common stocks                                | 7,848,476 *           |
| Equity mutual funds                          | 31,527,335            |
| Fixed income mutual funds                    | 17,686,821            |
| Other investments - real estate              | 3,456,743             |
| Total pension and OPEB investments           | <u>60,519,375</u>     |
| Total cash, cash equivalents and investments | <u>\$ 145,877,683</u> |

\* These investments are uninsured and unregistered, with securities held by the counterparty, in the Town's or Pension or OPEB Trust's name.



**Town of Windsor, Connecticut**

**Notes to Financial Statements**

**Note 3. Cash, Cash Equivalents and Investments (Continued)**

Cash, cash equivalents and investments are classified in the accompanying financial statements as follows:

|  |                       |
|--|-----------------------|
| Statement of net position:                   |                       |
| Cash and cash equivalents                    | \$ 61,799,987         |
| Restricted cash                              | 2,172,077             |
| Investments                                  | 19,505,816            |
|  | <u>83,477,880</u>     |
| Fiduciary funds:                             |                       |
| Cash and cash equivalents                    | 1,880,428             |
| Investments                                  | 60,519,375            |
|  | <u>62,399,803</u>     |
| Total cash, cash equivalents and investments | <u>\$ 145,877,683</u> |

**Interest rate risk:** This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows:

| Type of Investment        | Fair Value           | Investment Maturities |                     |                     |                     |
|---------------------------|----------------------|-----------------------|---------------------|---------------------|---------------------|
|                           |                      | Less Than 1 Year      | 1-5 Years           | 6-10 Years          | Over 10 Years       |
| Pooled fixed income       | \$ 3,448,219         | \$ 3,448,219          | \$ -                | \$ -                | \$ -                |
| Fixed income mutual funds | 17,686,821           | -                     | 4,561,968           | 4,022,176           | 9,102,677           |
| Total                     | <u>\$ 21,135,040</u> | <u>\$ 3,448,219</u>   | <u>\$ 4,561,968</u> | <u>\$ 4,022,176</u> | <u>\$ 9,102,677</u> |

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

**Note 3. Cash, Cash Equivalents and Investments (Continued)**

**Credit risk:** Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Town does not have a formal policy for credit risk. Presented below is the minimum rating as required for each debt type investment.

| <u>Average rating</u> | <u>Pooled<br/>Fixed Income</u> |
|-----------------------|--------------------------------|
| AAA                   | \$ 8,925,357                   |
| AAAm                  | 3,448,219                      |
| AA                    | 1,494,554                      |
| A                     | 2,744,756                      |
| BBB                   | 2,135,572                      |
| BB                    | 1,127,758                      |
| B                     | 532,151                        |
| Below B               | 542,869                        |
| Unrated               | 183,804                        |
| Total                 | <u><u>\$ 21,135,040</u></u>    |

**Fair value:** The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2016:

|  | <u>Fair Value Measurements Using</u>  |  |  |      |
|--|---|--|--|------|
|  | <u>Quoted Prices<br/>in Active<br/>Markets for<br/>Identical<br/>Assets<br/>June 30, 2016</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 3)</u> |      |
| Investments by fair value level:                   |   |  |  |      |
| Stocks   | \$ 7,848,476  | \$ 7,848,476   | \$ -   | \$ - |
| Mutual funds                                       | 49,214,156  | 49,214,156   | -  | -    |
| Total investments by fair value level              | <u>57,062,632</u>   | <u>\$ 57,062,632</u>   | \$ -   | \$ - |
| Investments measured at the net asset level (NAV): |   |  |  |      |
| Real estate fund                                   | <u>3,456,743</u>  |  |  |      |
| Total investments measured at the NAV              | <u>3,456,743</u>  |  |  |      |
| Total investments measured at fair value           | <u><u>\$ 60,519,375</u></u>   |  |  |      |

**Real estate fund:** This type includes real estate investments in U.S. residential, hotel, industrial office, retail, land and development properties. In addition, this fund invests in mezzanine loans. The fair value of this investment has been determined using NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. The values are based upon independent appraisals, estimated sales proceeds or the Manager's opinion of value. The fair values do not reflect transaction sale costs or prepayment costs, which may be incurred upon disposition of the investment or instrument.

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2016, was as follows:

|   | Beginning<br>Balance | Increases/<br>Transfers | Decreases /<br>Transfers | Ending<br>Balance |
|---|----------------------|-------------------------|--------------------------|-------------------|
| <b>Governmental activities:</b>             |                      |                         |                          |                   |
| Capital assets not being depreciated:       |                      |                         |                          |                   |
| Land  | \$ 4,945,195         | \$ -                    | \$ 32,368                | \$ 4,912,827      |
| Construction in progress                    | 3,522,856            | 7,350,654               | 4,354,918                | 6,518,592         |
| Total capital assets not being depreciated  | 8,468,051            | 7,350,654               | 4,387,286                | 11,431,419        |
| Capital assets being depreciated:           |                      |                         |                          |                   |
| Buildings and improvements                  | 131,608,298          | 1,317,866               | 61,960                   | 132,988,124       |
| Machinery and equipment                     | 27,863,420           | 2,445,875               | 156,789                  | 30,152,506        |
| Infrastructure                              | 96,805,251           | 933,720                 | -                        | 97,738,971        |
| Total capital assets being depreciated      | 256,276,969          | 4,697,461               | 218,749                  | 261,193,179       |
| Less accumulated depreciation for:          |                      |                         |                          |                   |
| Buildings and improvements                  | 66,851,545           | 3,297,057               | 61,960                   | 70,210,562        |
| Machinery and equipment                     | 18,976,857           | 1,357,319               | 156,789                  | 20,177,387        |
| Infrastructure                              | 76,772,853           | 1,584,913               | -                        | 78,357,766        |
| Total accumulated depreciation              | 162,601,255          | 6,239,289               | 218,749                  | 169,059,293       |
| Total capital assets being depreciated, net | 93,675,714           | (1,541,828)             | -                        | 92,133,886        |
| Governmental activities capital assets, net | \$ 102,143,765       | \$ 5,808,826            | \$ 4,387,286             | \$ 103,565,305    |
| <b>Business-type activities:</b>            |                      |                         |                          |                   |
| Capital assets being depreciated:           |                      |                         |                          |                   |
| Buildings and improvements                  | \$ 410,406           | \$ -                    | \$ -                     | \$ 410,406        |
| Machinery and equipment                     | 3,169,588            | -                       | -                        | 3,169,588         |
| Total capital assets being depreciated      | 3,579,994            | -                       | -                        | 3,579,994         |
| Less accumulated depreciation for:          |                      |                         |                          |                   |
| Buildings and improvements                  | 295,433              | 4,956                   | -                        | 300,389           |
| Machinery and equipment                     | 3,137,105            | 3,202                   | -                        | 3,140,307         |
| Total accumulated depreciation              | 3,432,538            | 8,158                   | -                        | 3,440,696         |
| Total business-type capital assets, net     | \$ 147,456           | \$ (8,158)              | \$ -                     | \$ 139,298        |

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

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**Note 4. Capital Assets (Continued)**

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

|   |                     |
|---|---------------------|
| Governmental activities:                              |                     |
| Education   | \$ 3,690,421        |
| General government                                    | 431,260             |
| Culture and recreation                                | 441,552             |
| Human services  | 130,182             |
| Public works  | 584,122             |
| Public safety   | 961,752             |
| Total depreciation expense – governmental activities  | <u>\$ 6,239,289</u> |
| Business-type activities:                             |                     |
| Landfill  | \$ 4,956            |
| Child development                                     | 1,000               |
| Adult caring connection                               | 2,202               |
| Total depreciation expense – business-type activities | <u>\$ 8,158</u>     |

**Note 5. Interfund Receivables, Payables and Transfers**

During the course of operations, transactions are processed through a fund on behalf of another fund. A summary of interfund balances as of June 30, 2016 is presented below:

|                             | Due From<br>Other Funds | Due To<br>Other Funds |
|-----------------------------|-------------------------|-----------------------|
| General fund                | \$ 1,070,448            | \$ -                  |
| Educational Grant Programs  | -                       | 1,045,109             |
| Internal service fund       | 106,478                 | -                     |
| Nonmajor governmental funds | -                       | 131,817               |
|                             | <u>\$ 1,176,926</u>     | <u>\$ 1,176,926</u>   |

The outstanding balances between funds result mainly 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.

Interfund transfers during the year ended June 30, 2016, were as follows:

|                                 | Transfers From<br>Other Funds | Transfers To<br>Other Funds |
|---------------------------------|-------------------------------|-----------------------------|
| General fund                    | \$ 78,508                     | \$ 7,715,704                |
| Capital projects                | 947,000                       | -                           |
| Nonmajor governmental funds     | 6,621,130                     | -                           |
| Other nonmajor enterprise funds | 147,574                       | 78,508                      |
|                                 | <u>\$ 7,794,212</u>           | <u>\$ 7,794,212</u>         |

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

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**Note 5. Interfund Receivables, Payables and Transfers (Continued)**

Transfers from the General Fund to the Debt Service Fund represent the Town's payment toward debt service on bonds outstanding. The remaining transfers primarily consisted of financing by the General Fund of programs accounted for in other funds in accordance with budgetary authorizations.

**Note 6. Unearned Revenue/Deferred Inflows of Resources**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue and unavailable revenues reported in the governmental funds such as prepaid program fees:

|                                    | Unavailable<br>Resources | Unearned<br>Revenues |
|------------------------------------|--------------------------|----------------------|
| General fund:                      |                          |                      |
| Property taxes                     | \$ 1,189,496             | \$ -                 |
| Advance tax collections            | 3,355,856                | -                    |
| Other receivables                  | 7,433                    | -                    |
|                                    | <u>4,552,785</u>         | <u>-</u>             |
| Educational Grant Programs fund:   |                          |                      |
| Other receivables                  | -                        | 1,280,600            |
| Capital Improvement fund:          |                          |                      |
| Other receivables                  | 180,920                  | -                    |
| Other nonmajor governmental funds: |                          |                      |
| Prepaid program fees               | -                        | 7,758                |
|                                    | <u>-</u>                 | <u>7,758</u>         |
| Total                              | <u>\$ 4,733,705</u>      | <u>\$ 1,288,358</u>  |

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

**Note 7. Long-Term Liabilities**

A summary of changes in outstanding long-term obligations during the year ended June 30, 2016 is as follows:

|   | Beginning<br>Balance,<br>as Restated* | Increases            | Decreases           | Ending<br>Balance    | Due Within<br>One Year |
|---|---------------------------------------|----------------------|---------------------|----------------------|------------------------|
| Governmental activities:                        |                                       |                      |                     |                      |                        |
| Bonds payable:                                  |                                       |                      |                     |                      |                        |
| General obligation bonds                        | \$ 39,765,000                         | \$ 4,285,000         | \$ 5,530,000        | \$ 38,520,000        | \$ 5,850,000           |
| Unamortized premiums                            | 798,428                               | 116,613              | 386,308             | 528,733              | -                      |
|   | <u>40,563,428</u>                     | <u>4,401,613</u>     | <u>5,916,308</u>    | <u>39,048,733</u>    | <u>5,850,000</u>       |
| Other long-term liabilities:                    |                                       |                      |                     |                      |                        |
| Compensated absences                            | 824,452                               | 811,115              | 774,243             | 861,324              | 215,331                |
| Net pension liability                           | 8,117,919                             | 7,257,338            | -                   | 15,375,257           | -                      |
| Other post-employment benefits                  | 33,617,183                            | 4,031,012            | -                   | 37,648,195           | -                      |
|   | <u>42,559,554</u>                     | <u>12,099,465</u>    | <u>774,243</u>      | <u>53,884,776</u>    | <u>215,331</u>         |
| Governmental activity<br>long-term liabilities  | <u>\$ 83,122,982</u>                  | <u>\$ 16,501,078</u> | <u>\$ 6,690,551</u> | <u>\$ 92,933,509</u> | <u>\$ 6,065,331</u>    |
| Business-type activities:                       |                                       |                      |                     |                      |                        |
| Other long-term liabilities:                    |                                       |                      |                     |                      |                        |
| Compensated absences                            | \$ 75,879                             | \$ 60,888            | \$ 72,063           | \$ 64,704            | \$ 16,176              |
| Landfill post closure costs                     | 37,170,000                            | -                    | 90,000              | 37,080,000           | 1,483,200              |
| Total other long-term<br>liabilities            | <u>37,245,879</u>                     | <u>60,888</u>        | <u>162,063</u>      | <u>37,144,704</u>    | <u>1,499,376</u>       |
| Business-type activity<br>long-term liabilities | <u>\$ 37,245,879</u>                  | <u>\$ 60,888</u>     | <u>\$ 162,063</u>   | <u>\$ 37,144,704</u> | <u>\$ 1,499,376</u>    |

All long-term liabilities for governmental activities are liquidated by the General Fund.

\* Restated for the Connecticut Municipal Employees' Retirement Fund B

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

**Note 7. Long-Term Liabilities (Continued)**

**General obligation bonds:** As of June 30, 2016, the outstanding general obligation bonds of the Town were as follows:

| Town of Windsor<br>Debt Outstanding<br>06/30/2015<br>Purpose | Maturity<br>Ranges      | Issued | Interest<br>Rate | Original<br>Amount   | Balance<br>6/30/2016 |
|--|-------------------------|--------|------------------|----------------------|----------------------|
| General Purpose:   |                         |        |                  |                      |                      |
| Public Improvements Refunding                                | \$190,000 - \$1,330,000 | 2009   | 2.00-4.00        | \$ 8,806,000         | \$ 3,158,000         |
| Public Improvements  | \$225,000 - \$425,000   | 2010   | 3.00-4.00        | 3,980,000            | 255,000              |
| Public Improvements Refunding                                | \$130,000 - \$1,580,000 | 2010   | 3.00-5.00        | 6,096,000            | 3,172,000            |
| Public Improvements  | \$232,000 - \$350,000   | 2011   | 2.50-3.50        | 3,450,000            | 774,000              |
| Public Improvements  | \$365,000 - \$375,000   | 2012   | 2.0              | 4,490,000            | 2,990,000            |
| Public Improvements  | \$410,000 - \$425,000   | 2013   | 1.25-2.0         | 4,085,000            | 3,072,000            |
| Public Improvements  | \$500,000- \$520,000    | 2014   | 2.0-3.0          | 3,690,000            | 2,950,000            |
| Public Improvements Refunding                                | \$45,000 - \$1,415,000  | 2014   | 2.0-4.0          | 3,355,000            | 3,320,000            |
| Public Improvements  | \$235,000-\$270,000     | 2015   | 2.0-2.5          | 3,165,000            | 2,900,000            |
| Public Improvements  | \$310,000-\$315,000     | 2016   | 2.0              | 3,755,000            | 3,755,000            |
| Total general purpose  |                         |        |                  | <u>44,872,000</u>    | <u>26,346,000</u>    |
| Schools:   |                         |        |                  |                      |                      |
| School Refunding   | \$190,000 - \$1,330,000 | 2009   | 2.00-4.00        | 9,819,000            | 3,377,000            |
| School General Obligation                                    | \$225,000 - \$425,000   | 2010   | 3.00-4.00        | 700,000              | 45,000               |
| School Refunding   | \$130,000 - \$1,580,000 | 2010   | 3.00-5.00        | 6,209,000            | 3,238,000            |
| School General Obligation                                    | \$232,000 - \$350,000   | 2011   | 2.50-3.50        | 1,040,000            | 276,000              |
| School General Obligation                                    | \$410,000 - \$425,000   | 2013   | 1.25-2.0         | 950,000              | 713,000              |
| School General Obligation                                    | \$500,000-\$520,000     | 2014   | 2.0-3.0          | 1,330,000            | 1,070,000            |
| School General Obligation Refunding                          | \$45,000-\$1,415,000    | 2014   | 2.0-4.0          | 915,000              | 905,000              |
| School General Obligation                                    | \$180,000-\$190,000     | 2015   | 2.0-2.5          | 2,205,000            | 2,020,000            |
| School General Obligation                                    | \$40,000-\$50,000       | 2016   | 2.0              | 530,000              | 530,000              |
| Total schools  |                         |        |                  | <u>23,698,000</u>    | <u>12,174,000</u>    |
| Grand total  |                         |        |                  | <u>\$ 68,570,000</u> | <u>\$ 38,520,000</u> |

The following is a summary as of June 30, 2016, of the future principal and interest requirements for the Town's general obligation bonds:

| <u>Fiscal year ending June 30:</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|------------------------------------|----------------------|---------------------|----------------------|
| 2017                               | \$ 5,850,000         | \$ 1,033,996        | \$ 6,883,996         |
| 2018                               | 5,690,000            | 841,556             | 6,531,556            |
| 2019                               | 5,350,000            | 659,313             | 6,009,313            |
| 2020                               | 5,345,000            | 493,125             | 5,838,125            |
| 2021                               | 4,380,000            | 356,563             | 4,736,563            |
| 2022-2026                          | 10,775,000           | 674,884             | 11,449,884           |
| 2027 - 2028                        | 1,130,000            | 31,800              | 1,161,800            |
| Total                              | <u>\$ 38,520,000</u> | <u>\$ 4,091,237</u> | <u>\$ 42,611,237</u> |

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

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**Note 7. Long-Term Liabilities (Continued)**

**Debt limitation:** The Town's indebtedness (including authorized but unissued bonds, net of principal reimbursements expected from the State) does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

| Category                            | Debt Limit     | Indebtedness  | Balance        |
|-------------------------------------|----------------|---------------|----------------|
| General purpose                     | \$ 207,777,407 | \$ 26,796,000 | \$ 180,981,407 |
| Unfunded pension benefit obligation | 277,036,542    | -             | 277,036,542    |
| Schools                             | 415,554,813    | 12,564,000    | 402,990,813    |
| Sewers                              | 346,295,678    | -             | 346,295,678    |
| Urban renewal                       | 300,122,921    | -             | 300,122,921    |

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or approximately \$646,418,598

**Bonds authorized but unissued:** Total authorized but unissued debt at June 30, 2016 consists of the following:

|         |                   |
|---------|-------------------|
| Schools | \$ 220,000        |
| Town    | 170,000           |
|         | <u>\$ 390,000</u> |

**Bond anticipation notes:** In June 2016, the Town issued \$450,000 in bond anticipation notes, which will be repaid in June 2017.

Bond anticipation note transactions for the year ended June 30, 2016 were as follows:

|                            |                   |
|----------------------------|-------------------|
| Outstanding, July 1, 2015  | \$ 420,000        |
| New borrowings             | 450,000           |
| Repayments                 | (420,000)         |
| Outstanding, June 30, 2016 | <u>\$ 450,000</u> |

**Note 8. Employee Retirement Plans**

**Employee pension plans:** The Town maintains the Town of Windsor Retirement Plan, a public employee retirement system (PERS), which covers all Town employees (except police officers) and all employees of the Board of Education not eligible for membership in the State of Connecticut Teacher's Retirement Plan, hired before July 1, 2011 (before November 1, 2011 for the Teamster Local 671 bargaining unit and before November 1, 2012 for the United Public Service Employee Union Local 424).

**Plan administration:** The general administration and management of the Town pension plan and the responsibility for carrying out the provision of the plan shall be placed in the Town Retirement Plan Committee. The Town Retirement Plan Committee shall consist of the Town Manager, Finance Director, Superintendent of Schools and an employee of the Board of Education designated by the Superintendent of Schools.

The Town participates in the statewide Municipal Employees' Retirement Fund B, a multiple-employer, cost-sharing public employee retirement system that covers all of the police officers of the Town.



## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Plans (Continued)

The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan (non-contributory for the employer) administered by the Connecticut State Teachers' Retirement Board.

The membership in the PERS at July 1, 2014, the date of the actuarial valuation, is comprised of the following:

|   |            |
|---|------------|
| Retirees and beneficiaries currently receiving benefits | 183        |
| Vested terminated employees                             | 37         |
| Active members  | 313        |
| Total   | <u>533</u> |

**Funding policy:** The contribution requirements of plan members are established and may be amended by the Town Council and Board of Education, subject to union contract negotiation. Non-affiliated administrative employees and public safety dispatchers are required to contribute 4.25% of their earnings. Public works/clerical employees collective bargaining group contribute 4%. If an employee leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions and interest thereon are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees. As determined by the Town's actuaries, the current rate is 6.85% of annual covered payroll. The direct management costs of the plan (fund manager, trustee) are paid for by the Pension Fund. The Town pays the cost of monitoring the plan (advisor) and administering its plan (actuary) through an additional annual budget appropriation. The benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan.

#### Investments:

**Investment policy:** The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Plan Committee. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2016.

| Asset Class            | Index                         | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------|-------------------------------|-------------------|--|
| Domestic Equities      | Russell 3000 Index            | 30.00%            | 2.69%                                  |
| International Equities | MSCI ACWI ex US               | 21.00%            | 5.40%                                  |
| Fixed Income           | Barclays Aggregate Bond Index | 29.00%            | 6.04%                                  |
| Asset Allocation Funds | GMO Constructed Index         | 15.00%            | 4.04%                                  |
| Real Estate            | NCREIF Index                  | 5.00%             | 4.04%                                  |

The long-term expected rate of return on the Town Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Town Plan's target asset allocation as of June 30, 2016 are summarized in the table above.

Town of Windsor, Connecticut

Notes to Financial Statements

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**Note 8. Employee Retirement Plans (Continued)**

**Rate of return:** For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -2.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount rate:** The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the Town will be made at contractually required rates, actuarially determined. 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.

**Net pension liability of the town:** The components of the net pension liability of the Town at June 30, 2016 were as follows:

| <u>Net Pension Liability</u>                                      | <u>June 30, 2016</u> |
|---|----------------------|
| Total pension liability   | \$ 76,623,899        |
| Fiduciary net position  | 61,248,642           |
| Net pension liability   | 15,375,257           |
| Fiduciary net position as a percentage of total pension liability | 79.93%               |
| Covered payroll   | 14,982,909           |
| Net pension liability as a percentage of covered payroll          | 102.62%              |

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of July 1, 2015, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2016. There have been no significant changes between the valuation date and the fiscal year end.

**Discount rate:**

|  |        |
|--|--------|
| Discount rate  | 7.375% |
| Long-term expected rate of return, net of investment expense | 7.375% |
| Municipal bond rate  | N/A    |

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

**Note 8. Employee Retirement Plans (Continued)**

**Net pension liability of the town:** The components of the net pension liability of the Town at June 30, 2016 were as follows:

|  | Increase (Decrease)        |                                |                          |
|--|----------------------------|--------------------------------|--------------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
|  | (a)                        | (b)                            | (a) - (b)                |
| Balances at 6/30/15:                           | \$ 72,603,024              | \$ 64,485,105                  | \$ 8,117,919             |
| Changes for the year:                          |                            |                                |                          |
| Service cost                                   | 1,089,719                  | -                              | 1,089,719                |
| Interest on total pension liability            | 5,384,558                  | -                              | 5,384,558                |
| Effect of plan changes                         | -                          | -                              | -                        |
| Effect of economic/demographic gains or losses | 20,467                     | -                              | 20,467                   |
| Effect of assumptions changes or inputs        | 1,007,432                  | -                              | 1,007,432                |
| Benefit payments                               | (3,481,301)                | (3,481,301)                    | -                        |
| Employer contributions                         | -                          | 1,026,539                      | (1,026,539)              |
| Member contributions                           | -                          | 508,741                        | (508,741)                |
| Net investment income                          | -                          | (1,271,297)                    | 1,271,297                |
| Administrative expense                         | -                          | (19,145)                       | 19,145                   |
| Net changes                                    | 4,020,875                  | (3,236,463)                    | 7,257,338                |
| Balances at 6/30/16                            | <u>\$ 76,623,899</u>       | <u>\$ 61,248,642</u>           | <u>\$ 15,375,257</u>     |

**Other key actuarial assumptions:**

|                                      |   |
|--------------------------------------|---|
| Valuation date                       | July 1, 2015  |
| Measurement date                     | June 30, 2016   |
| Inflation                            | 2.75%   |
| Salary increases including inflation | 3.50%   |
| Mortality                            | RP-2000 Combined Healthy Mortality with<br>generational projection per Scale AA |
| Actuarial cost method                | Entry Age Normal  |

**Sensitivity analysis:** The following table presents the net pension liability of the Town, calculated using the discount rate of 7.375%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.375%) or 1 percentage point higher (8.375%) than the current rate.

|                       | 1%<br>Decrease<br>6.375% | Current<br>Discount Rate<br>7.375% | 1%<br>Increase<br>8.375% |
|-----------------------|--------------------------|------------------------------------|--------------------------|
| Net pension liability | <u>\$ 24,424,372</u>     | <u>\$ 15,375,257</u>               | <u>\$ 7,797,467</u>      |

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

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**Note 8. Employee Retirement Plans (Continued)**

For the year ended June 30, 2016, the Town recognized pension expense of \$3,508,812. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience   | \$ 14,782                         | \$ 87,129                        |
| Change of assumptions                               | 727,590                           | -                                |
| Net Difference between expected and actual earnings | 7,093,665                         | -                                |
| Contributions made subsequent to measurement date   | -                                 | -                                |
| Total   | <u>\$ 7,836,037</u>               | <u>\$ 87,129</u>                 |

Amounts reported in deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|                     |              |
|---------------------|--------------|
| Year ended June 30: |              |
| 2017                | \$ 2,207,255 |
| 2018                | 2,211,842    |
| 2019                | 2,138,906    |
| 2020                | 1,190,905    |
| 2021                | -            |
| Thereafter          | -            |

**Town of Windsor retirement plan – defined contribution pension plan:** As part of the FY 2012 budget process, management took steps to reduce the town’s cost of providing retirement benefits for future employees. To help mitigate future increases in retirement costs, the Town Council voted to amend the Personnel Rules requiring all non-affiliated full-time employees hired after July 1, 2011 to participate in a 401(a) defined contribution plan. This Plan is not reported as a fiduciary fund by the Town as it does not meet the reporting criterion. All members of the Teamsters Local 671 collective bargaining unit hired after November 1, 2011 are required to participate in a 401(a) defined contribution plan. All members of the United Public Service Employees Union Local 424 (Public Safety Dispatchers collective bargaining unit hired on or after November 1, 2012 are required to participate in a 401(a) defined contribution plan. As of July 1, 2013, all new hires of the Board of Education (excluding teachers), regardless of affiliation, participate in a 401(a) defined contribution plan.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### **Note 8. Employee Retirement Plans (Continued)**

The Defined Contribution Plan requires the Town to contribute 5% of each participant's salary. Employees are also required to contribute 5% of their salary and may make additional contributions subject to IRS regulations.

The assets for the Plan are held by ICMA Retirement Corporation. The balance of the Plan amounted to approximately \$589,330 at June 30, 2016 and is not reflected in the accompanying financial statements of the Town, as the Town's role in the administration of the Plan is limited.

**Connecticut Municipal Employees' Retirement Fund B:** All uniformed police officers of the Town of Windsor participate in the Connecticut Municipal Employees Retirement System (CMERS), a defined benefit cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. 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. CMERS is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at [www.ct.gov](http://www.ct.gov).

**Funding policy:** Town of Windsor plan members are required by State statute to contribute 5% of earnings (based on earnings not being covered by Social Security). Each participating municipality is required to contribute at an actuarially determined rate. The rate for fiscal year 2016 is 14.58% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to CMERS for the years ended June 30, 2016, 2015 and 2014 were \$839,857, \$914,805 and \$1,090,885, respectively, equal to the required contributions for each year.

**Benefit provisions:** Plan provisions are set by Statute of the State of Connecticut. CMERS provides retirement benefits, as well as death and disability benefits. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

**Average final compensation:** Average of the three highest paid years of service.

**Normal form of benefit:** Life annuity.

**Year's breakpoint:** With respect to the calendar year in which a member terminates service, \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. For 2014, the breakpoint is \$69,200.

**Service retirement allowance:**

**Condition for allowance:** Age 55 and 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Compulsory retirement at age 65 for police and fire members.

Town of Windsor, Connecticut

Notes to Financial Statements

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**Note 8. Employee Retirement Plans (Continued)**

**Amount of allowance:** For members not covered by Social Security: 2% of average final compensation times years of service. For members covered by Social Security: 1-1/2% 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, his/her benefit until he/she reaches age 62 or receives a social security disability award is computed as if he/she were not under social security.

**Disability retirement allowance:**

**Condition for allowance:** 10 years of service and permanently and totally disabled from engaging in any gainful employment in the service of the municipality.

**Amount of allowance:** Calculated as a service retirement allowance based on compensation and service to the date of the disability.

**Service connected disability:**

**Condition for allowance:** Totally and permanently disabled from engaging in any gainful employment in the service of the municipality provided such disability has arisen out of and in the course of his/her 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.

**Amount of allowance:** Calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of the disability.

**Vesting retirement allowance:**

**Condition for allowance:** 5 years of continuous or 15 years of active aggregate service.

**Amount of allowance:** Calculated as a service retirement allowance on the basis of average final compensation and service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

**Death benefit:**

**Condition for benefit:** Eligible for service, disability retirement, or vested allowance, and married for at least 12 months preceding death.

**Amount of benefit:** Computed on the basis of the member's average final compensation and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

**Return to deductions:** Upon the withdrawal of a member, the amount of his accumulated deductions is payable to him/her on demand, with 5% interest from July 1, 1983.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Plans (Continued)

**Optional benefits:** Prior to the retirement, a member may elect to convert his retirement allowance into a benefit of equivalent actuarial value in accordance with one of the options forms described below: 1. A reduced retirement allowance payable during his life with the provision that after his death the beneficiary designated by him at the time of this retirement; or 2. A reduced retirement allowance payable during his life with the provision that after his death, an allowance of one-half of his reduced allowance will be continued for life to the beneficiary designated by him at the time of his retirement; 3. A reduced retirement allowance payable during his life with a guarantee of 120 or 240 monthly payments to the member or his designated beneficiary.

**Cost-of-living-adjustment:** For those retired prior to January 1, 2002: (i) the benefits of disabled retirees, service retirees who have reached age 65, and beneficiaries of deceased retirees who would have reached age 65 are adjusted each July 1. The difference between the actual annual yield of the actuarial value of assets on a calendar year basis to a 6% yield is calculated. This difference is the adjustment applied the following July 1. The minimum adjustment is 3% and the maximum is 5%. (ii) The benefits for all others on the roll are adjusted on January 1, 2002 and on each subsequent July 1. The amount of each adjustment is 2.5%. For those retiring in or after January 1, 2002, benefits are adjusted each July 1. The adjustment is 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

**Assumptions:** The total pension liability was determined using the following actuarial assumptions applied to all periods included in the measurement:

|                               |  |
|-------------------------------|--|
| Valuation date                | 7/1/2014   |
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level dollar, closed   |
| Remaining amortization period | 27 years   |
| Asset valuation method        | 5-year smoothed market with 20% recognition of investment gains and losses   |
| Investment rate return*       | 8.00%, net of investment related expense   |
| Projected salary increases*   | 4.25-11.00%  |
| Social Security wage base     | 3.50%  |
| * includes inflation at 3.25% |  |
| Mortality                     | The RP2000 Mortality Table for Annuitants and Non-Annuitants (set forward one year for males and set back one year for females). |

Town of Windsor, Connecticut

Notes to Financial Statements

**Note 8. Employee Retirement Plans (Continued)**

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

| Asset Class            | Target Allocation | Long-Term<br>Expected Rate<br>of Return |
|------------------------|-------------------|---|
| Mutual Equity          | 25%               | 7.3%                                    |
| Developed Markets ISF  | 20%               | 7.5%                                    |
| Emerging Markets ISF   | 9%                | 8.6%                                    |
| Core Fixed Income      | 13%               | 1.7%                                    |
| Emerging Market Debt   | 4%                | 4.8%                                    |
| High Yield             | 2%                | 3.7%                                    |
| Inflation Linked Bonds | 6%                | 1.3%                                    |
| Liquidity Fund         | 6%                | 0.7%                                    |
| Real Estate            | 5%                | 5.9%                                    |
| Private Investment     | 10%               | 10.9%                                   |
|                        | 100%              |   |

**Discount rate:** the discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer 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.

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience   | \$ 452,139                        | \$ -                             |
| Change of assumptions                               | -                                 | -                                |
| Net Difference between expected and actual earnings | -                                 | -                                |
| Contributions made subsequent to measurement date   | 839,857                           | -                                |
| Total   | \$ 1,291,996                      | \$ -                             |



Town of Windsor, Connecticut

Notes to Financial Statements

**Note 8. Employee Retirement Plans (Continued)**

**Sensitivity of the net pension liability to changes in the discount rate:** The following presents the net pension asset of the System, calculated using the discount rate of 8.00 percent, as well as what the System's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate (\$ thousands):

|  | 1%<br>Decrease<br>7.00% | Current<br>Discount Rate<br>8.00% | 1%<br>Increase<br>9.00% |
|--|-------------------------|-----------------------------------|-------------------------|
| Town's share of net pension asset associated with the Plan | \$ 496,420              | \$ 3,332,712                      | \$ 7,193,176            |

The net position of the Town for June 30, 2015 was restated to reflect the net pension liability at June 30, 2015 due to the restatement of the CMERS plan (see Note 16).

**Pension asset, pension expense, and deferred outflows of resources and deferred inflows of resources:** At June 30, 2016, the Town reported an asset of \$3,332,712 for its proportionate share of the net pension liability related to its participation in CMERS. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on its share of contributions to the CMERS for fiscal year 2015 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2015, the Town's proportion was 1.7%.

For the year ended June 30, 2016, the Town recognized pension expense of \$676,696. At June 30, 2016, the Town reported deferred outflows of resources related to pensions from the following sources:

\$839,857 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|                     |            |
|---------------------|------------|
| Year ended June 30: |            |
| 2017                | \$ 908,963 |
| 2018                | 69,106     |
| 2019                | 69,106     |
| 2020                | 244,821    |
| 2021                | -          |
| Thereafter          | -          |

**Connecticut state teachers' retirement system:** All certified personnel participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are serviced in the public schools of Connecticut.

**Description of system:** Teachers within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### **Note 8. Employee Retirement Plans (Continued)**

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at [www.ct.gov](http://www.ct.gov).

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

**Summary of significant accounting policies:** For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$7,240,000 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability for teacher pensions.

**Benefits provided:** The benefits provided to participants by the System are as follows:

**Normal benefit:** A member 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 is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary).

**Prorated benefit:** A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

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

**Contribution requirements:** The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Participants are required to contribute 6.0% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2015/2016 school year, \$2,148,425 mandatory contributions were deducted from the salaries of eligible employees who were participants of the System during that school year. The estimated covered payroll for the town is \$29,633,000.

The Town has no obligation to contribute to the plan; as such, a schedule of contributions is not presented.

Town of Windsor, Connecticut

Notes to Financial Statements

**Note 8. Employee Retirement Plans (Continued)**

**Actuarial assumptions:** The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – Jun 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

|   |                   |
|---|-------------------|
| Inflation   | 3.00%             |
| Salary increases, including inflation   | 3.75-7.00 percent |
| Long-term investment rate of return, net of pension investment expense, including inflation | 8.50 percent      |

Mortality rates were based on the RP-2000 Combined Mortality Table RP 2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The long-term expected rate of return on pension 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 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class                 | Target Allocation | Long-Term<br>Expected Rate<br>of Return |
|-----------------------------|-------------------|---|
| Large cap U.S. equities     | 21.00%            | 5.80%                                   |
| Developed non-U.S. equities | 18.00%            | 6.60%                                   |
| Emerging Markets (non-U.S)  | 9.00%             | 8.30%                                   |
| Core fixed income           | 7.00%             | 1.30%                                   |
| Inflation Linked Bond fund  | 3.00%             | 1.00%                                   |
| Emerging market bond        | 5.00%             | 3.70%                                   |
| High yield bonds            | 5.00%             | 3.90%                                   |
| Real Estate                 | 7.00%             | 5.10%                                   |
| Private equity              | 11.00%            | 7.60%                                   |
| Alternative investments     | 8.00%             | 4.10%                                   |
| Cash                        | 6.00%             | 0.40%                                   |
|                             | 100.00%           |   |

**Discount rate:** The discount rate used to measure the total pension liability was 8.50 percent. The projection of cash flows used to determine the discount rate assumed that 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's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

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**Note 8. Employee Retirement Plans (Continued)**

**Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:**

The following presents the State's proportionate share of the net pension liability associated with the Town, calculated using the discount rate of 8.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50 percent) or 1-percentage-point higher (9.50 percent) than the current rate.

|   | 1%<br>Decrease<br>7.50% | Current<br>Discount Rate<br>8.50% | 1%<br>Increase<br>9.50% |
|---|-------------------------|-----------------------------------|-------------------------|
| State's share of net pension liability associated with the Town | \$ 103,202,711          | \$ 81,836,695                     | \$ 63,675,425           |

**Pension liabilities, pension expense, and deferred inflows/outflows of resources:** The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$81,836,695 and 100% of the collective net pension liability is allocated to the State. The Town has no proportionate share of net pension liability.

June 30, 2014 is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2016, the Town recognized \$6,557,181 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

**Note 9. Other Post-Employment Benefits**

In addition to providing pension benefits, the Town instituted a policy providing 50% to 75% of certain health care benefits for retired employees. Substantially all of the Town's employees may become eligible for those benefits, if they retire under a normal retirement or with disability.

**Post-retirement benefits:** From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the Town recognizes the cost of postemployment healthcare in the year when the employee services are received, disclosed the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

**Plan description:** The Town provides post-employment benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2015. The post-retirement plan does not issue stand-alone financial reports.

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

**Note 9. Other Post-Employment Benefits (Continued)**

The contribution requirements of plan members and the Town are established and may be amended by the Town.

Membership in the plan consisted of the following at July 1, 2013:

|   |            |
|---|------------|
| Retirees and beneficiaries receiving benefits | 252        |
| Active plan members                           | 677        |
| <b>Total</b>                                  | <u>929</u> |

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual determined contribution of the employer (ADC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Town's contributions represent payments made for premiums for insured individuals on a pay-as-you-go method. In FY2015 the Town established a trust fund for the purpose of prefunding Other Post-Employment Benefits.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

| Fiscal Year<br>Ended | Annual<br>OPEB Cost | Employer<br>Contributions | Percentage of<br>Annual OPEB<br>Cost<br>Contributed | Net OPEB<br>Obligation |
|----------------------|---------------------|---------------------------|---|------------------------|
| 6/30/14              | \$ 7,473,226        | \$ 2,240,000              | 29.97%  | \$ 29,985,344          |
| 6/30/15              | \$ 6,227,743        | \$ 2,595,904              | 41.68%  | \$ 33,617,183          |
| 6/30/16              | \$ 6,624,331        | \$ 2,593,319              | 39.15%  | \$ 37,648,195          |

**Schedule of Funding Progress**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability (AAL)<br>(b) | Unfunded<br>AAL<br>(a-b) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll |
|--------------------------------|--|--|--------------------------|--------------------------|--------------------|
| 7/1/13                         | \$ -                                   | \$ 71,595,156                                  | \$ (71,595,156)          | 0.0%                     | \$ 44,515,553      |

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

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**Note 9. Other Post-Employment Benefits (Continued)**

**OPEB obligation:**

|  |                             |
|--|-----------------------------|
| Annual required contribution               | \$ 6,762,112                |
| Interest on net pension obligation         | 1,680,859                   |
| Adjustment to annual required contribution | <u>(1,818,640)</u>          |
| Annual OPEB cost                           | 6,624,331                   |
| Contributions made                         | <u>2,593,319</u>            |
| Increase in net OPEB liability             | 4,031,012                   |
| Net OPEB obligation, beginning of year     | <u>33,617,183</u>           |
| Net OPEB obligation, end of year           | <u><u>\$ 37,648,195</u></u> |

Actuarial assumptions are as follows:

|                               |  |
|-------------------------------|--|
| Valuation date                | July 1, 2013   |
| Actuarial cost method         | Projected Unit Credit  |
| Asset funding method          | N/A  |
| Amortization method           | Level Percent (closed)   |
| Remaining amortization period | 30 Years Decreasing (non-police), 20 years Decreasing(Police)  |
| Valuation type                | Closed Group   |
| Actuarial assumptions         |  |
| Discount rate                 | 5.00%  |
| Inflation rate                | 2.75%  |
| Amortization growth rate      | 3.00%  |
| Health cost trend rates       | Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows: |
|                               | Initial inflation rate: 6.8%   |
|                               | Ultimate inflation rate: 4.7%  |
|                               | Years until ultimate inflation rate 69 years for pre-65;<br>84 years for post-65                             |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Town performed an actuarial valuation as of July 1, 2013, which will be used to determine the June 30, 2015 and 2016 annual contribution. The July 1, 2013 valuation shows an actuarial accrued liability of \$71,595,156.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### **Note 10. Risk Management**

The Town self-insures its liability for workers' compensation claims to a limit of \$600,000 per employee. Aggregate claims in excess of that amount up to \$20,000,000, as well as any individual claim up to \$1,000,000 are fully insured. USI/FutureComp, a fully qualified, third-party administrator, is the current administrator of the program and assists management in determining the liability at year-end. As employee claims are processed and certified for payment by the third party administrator, payment is made out of the Internal Service Fund. The accrued liability made for this purpose is determined annually based on prior experience and the amount of unsettled claims outstanding on an actuarial basis.

Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program.

Employee health/medical claims are self-funded through Anthem Blue Cross/Blue Shield of Connecticut and Express Scripts. Funds are transferred into the Insurance Internal Service Fund from other funds and are available to pay the health/medical premium costs.

The Town is self-insured for health benefits. Claim activity and service fees are accounted for in a self-insurance reserve fund. The Town has Individual Stop Loss (ISL) coverage that limits the Town's liability to \$150,000 annually. On an aggregate basis, the Town's liability is limited to 125% of expected claims (approximately \$3,200,000). Claims exceeding the Town's maximum liability are fully insured through stop loss coverage (Aggregate and ISL). Anthem, the provider, administers the payment of claims and calculates and provides the accrued liability at year-end based on prior claims experience and the amount of unsettled claims outstanding on an actuarial basis. Arthur J. Gallagher & Co., the Town's consultant, analyzes claims and advises the Town on all health insurance related issues. Conservatively, through the budget process and available reserves, the Town will project to have at a minimum, the Town's maximum liability available to process expected claims.

The BOE records its liability for health benefits in a self-insurance reserve fund and accounts for claim activity and service fees on a self-insured basis. The BOE has Individual Stop Loss (ISL) coverage that limits the BOE's liability to \$150,000 annually. On an aggregate basis, the BOE's liability is limited to 110% of expected claims (approximately \$11,300,000). Claims exceeding the BOE's maximum liability are fully insured through stop loss coverage (Aggregate and ISL). Anthem, the provider, administers the payment of claims. Lockton Companies, the BOE's consultant, analyzes claims and advises the BOE on all health insurance related issues as well as calculating and providing the accrued liability at year-end based on prior claims experience and the amount of unsettled claims outstanding on an actuarial basis. Conservatively, through the budget process and available reserves, the BOE will project to have at a minimum, the BOE's maximum liability available to process expected claims.

**Town of Windsor, Connecticut**

**Notes to Financial Statements**

**Note 10. Risk Management (Continued)**

The following is a schedule of changes in the aggregate liabilities for the Internal Service Fund claims:

| Workers' Compensation / Heart and Hypertension / Liability | Liability July 1, | Current Year Claims and Changes in Estimates | Claim Payments | Liability June 30, |
|--|-------------------|--|----------------|--------------------|
| 2014-15  | \$ 1,560,817      | \$ 2,491,960                                 | \$ 2,407,309   | \$ 1,645,468       |
| 2015-16  | 1,645,468         | 1,968,514                                    | 1,680,313      | 1,933,669          |

| Town - Health / Medical | Liability July 1, | Current Year Claims and Changes in Estimates | Claim Payments | Liability June 30, |
|-------------------------|-------------------|--|----------------|--------------------|
| 2014-15                 | \$ 161,882        | \$ 4,199,493                                 | \$ 4,160,651   | \$ 200,724         |
| 2015-16                 | 200,724           | 3,973,410                                    | 4,011,555      | 162,579            |

| BOE - Health / Medical | Liability July 1, | Current Year Claims and Changes in Estimates | Claim Payments | Liability June 30, |
|------------------------|-------------------|--|----------------|--------------------|
| 2014-15                | \$ 495,398        | \$ 9,188,967                                 | \$ 9,231,617   | \$ 452,748         |
| 2015-16                | 452,748           | 9,691,990                                    | 9,662,039      | 482,699            |

The Town has commercial general liability and auto liability with levels of coverage of \$3,000,000 and \$1,000,000, respectively, with umbrella coverage up to \$15,000,000. There have been no significant reductions in insurance coverage from the level of coverage in the prior year. Furthermore, for the past three fiscal years, no settlements have exceeded insurance coverage.

The Town maintains a limited risk management program for general liability, auto and fire losses. Property and casualty risks are fully insured except for the general environmental liability exposure represented by the landfill, which is essentially uninsurable.

**Note 11. Contingencies**

The Town has received state and federal grants for specific purposes that are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

As a member of the Metropolitan District (a quasi-municipal corporation that provides water supply and sewage collection and disposal facilities for members), the Town is contingently liable for \$79,892,703 or 8.74% of the debt of the District.



## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 11. Contingencies (Continued)

**Lawsuits:** Various litigations, principally involving claims for personal injury and contested tax assessment, are pending against the Town. The outcome and eventual liability of the Town, if any, in these cases are not known at this time. The Town's management does not believe any potential claims against the Town would have a material adverse effect on the financial position of the Town.

#### Note 12. Landfill Closure and Post-closure Care Costs

State and federal laws and regulations require the Town to place a final cover on its 65 acre landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for at least thirty years after closure. Under these regulations, the landfill has established a horizontal footprint of 55 acres which is now the basis of maximum horizontal expansion without providing a liner system. The results of a July 2014 capacity analysis show that the landfill has reached its overall capacity as of June 30, 2014. The landfill stopped accepting commercial waste on July 1, 2014, and has since converted to a transfer facility for residents.

The \$37,080,000 reported as landfill closure and post-closure care liability at June 30, 2016, is \$90,000 less than the liability reported on June 30, 2015. This decrease, or adjustment in estimated closure costs accrued to date, directly increases the operating income for the Landfill Enterprise Fund in fiscal year 2016. These amounts are based on what it would cost to perform all closure and post-closure care at 2016 prices with a third party performing all closure work. Actual costs may also change based on inflation, compliance with the State of Connecticut stewardship permit, changes in technology, changes in the regulations, or if some or most of the work is performed by staff. The engineering analysis assumes that numerous engineering and construction procedures will be required.

The landfill served the Towns of Bloomfield and Windsor. An agreement (dated November 19, 1993) exists between the two communities. This agreement establishes the terms and conditions of operating the landfill. For closure costs, the agreement states: "the two towns shall contribute equally, on an annual basis, for said purposes and shall be equally responsible for closure, post-closure, and monitoring expenses until all federal and state requirements are met." The Town of Windsor is responsible for the funding, accounting and financial reporting for the landfill on behalf of both towns. The post-closure cost will be covered by the landfill's funds. If those funds run out, and only if they do, then the Town of Windsor and the Town of Bloomfield will split the costs. It is anticipated that no additional amount will be required from the Towns for closure of the landfill.

The landfill is currently operating under the State of Connecticut stewardship permit issued by the Department of Energy and Environmental Protection (DEEP) that addresses the requirements of the regulations, including the control and monitoring of leachate and landfill generated gases.

#### Note 13. Fund Deficit

The following fund had a net fund deficit as of June 30, 2016:

|               |                    |
|---------------|--------------------|
| Landfill Fund | <u>\$9,505,860</u> |
|---------------|--------------------|

The fund deficit will be funded using the Landfill Fund cash and investments and if needed by the General Fund once the Landfill Fund cash and investments are exhausted.

## Town of Windsor, Connecticut

### Notes to Financial Statements

#### Note 14. Fund Balances

The Town classifies fund balances under the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The details for the Town's fund balance are the following:

|  | General<br>Fund      | Capital<br>Projects | Nonmajor<br>Governmental<br>Funds |
|--|----------------------|---------------------|-----------------------------------|
| Fund balances:                                 |                      |                     |                                   |
| Non-spendable:                                 |                      |                     |                                   |
| Inventories                                    | \$ 21,599            | \$ -                | \$ 9,102                          |
| Scholarship fund principal                     | -                    | -                   | 13,000                            |
| <b>Total nonspendable</b>                      | <b>21,599</b>        | <b>-</b>            | <b>22,102</b>                     |
| Restricted:                                    |                      |                     |                                   |
| Scholarship funding                            | -                    | -                   | 2,437                             |
| Library operations & recreation                | -                    | -                   | 84,235                            |
| Human services programs                        | -                    | -                   | 202,223                           |
| Public safety programs                         | -                    | -                   | 139,779                           |
| Road construction and maintenance              | -                    | -                   | 1,125,703                         |
| Community development block grant loans        | -                    | -                   | 2,144,650                         |
| Road and sidewalk construction and maintenance | -                    | 814,704             | -                                 |
| School capital improvements                    | -                    | 884,352             | -                                 |
| Other capital projects                         | -                    | 461,574             | -                                 |
| Other programs                                 | -                    | -                   | 48,886                            |
| <b>Total restricted</b>                        | <b>-</b>             | <b>2,160,630</b>    | <b>3,747,913</b>                  |
| Committed:                                     |                      |                     |                                   |
| Open space program                             | -                    | -                   | 526,807                           |
| School capital improvements                    | -                    | 358,998             | -                                 |
| Road and sidewalk construction and maintenance | -                    | 1,472,729           | -                                 |
| Other capital projects                         | -                    | 2,375,843           | -                                 |
| Debt Service                                   | -                    | -                   | 1,046,311                         |
| <b>Total committed</b>                         | <b>-</b>             | <b>4,207,570</b>    | <b>1,573,118</b>                  |
| Assigned:                                      |                      |                     |                                   |
| Subsequent year expenditures                   | 900,000              | -                   | -                                 |
| Use of fund balance in subsequent year         | 101,735              | -                   | -                                 |
| Encumbrances                                   | -                    | -                   | -                                 |
| Education                                      | 960,661              | -                   | 219,142                           |
| General government activities                  | 308,806              | -                   | -                                 |
| Recreation programs                            | 891,229              | -                   | -                                 |
| Clinic services                                | 58,570               | -                   | -                                 |
| Public safety and police private duty          | 885,454              | -                   | -                                 |
| Building maintenance                           | 621,525              | -                   | -                                 |
| Community development                          | -                    | -                   | 98,688                            |
| Other capital projects                         | -                    | 987,525             | -                                 |
| <b>Total assigned</b>                          | <b>4,727,980</b>     | <b>987,525</b>      | <b>317,830</b>                    |
| Unassigned                                     | 19,642,852           | -                   | -                                 |
| <b>Total fund balance</b>                      | <b>\$ 24,392,431</b> | <b>\$ 7,355,725</b> | <b>\$ 5,660,963</b>               |

Encumbrances contained in the above table are as follows: \$983,414 in the General Fund, \$2,622,112 in the Capital Projects Fund, and \$5,177 in Nonmajor Governmental Funds.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 15. Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 75, which will most likely have a material impact, though the amount has not yet been determined:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
  - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
  - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
  - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

- GASB Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
  - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
  - The gross dollar amount of taxes abated during the period
  - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

## Town of Windsor, Connecticut

### Notes to Financial Statements

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#### Note 15. Governmental Accounting Standards Board (GASB) Statements

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

Town of Windsor, Connecticut

Notes to Financial Statements

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**Note 15. Governmental Accounting Standards Board (GASB) Statements**

- GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

**Note 16. Restatement**

The Town's financial statements have been restated as of June 30, 2015. The restatement is a result of the restatement of the Connecticut Municipal Employees' Retirement System (CMERS). The restatement to the July 1, 2014 fiduciary net position of the CMERS plan reflects the gross amount of contributions receivable to the plan from participating employers instead of the present value of the contributions receivable as previously reported by the plan. Governmental Activities will show a restatement of net position for the beginning of the year as follows:

|   |                      |
|---|----------------------|
| Net position, June 30, 2015, as previously reported                 | \$ 68,373,515        |
| Remove: June 30, 2015 net pension liability as previously reported: | 1,552,541            |
| Add: June 30, 2015 net pension asset per restatement of MERS plan   | 3,947,859            |
| Net position, June 30, 2015, as restated                            | <u>\$ 73,873,915</u> |

The restatement described above was due to the CMERS pension plan recording for the first time the contribution receivable for employers who have entered into installment agreements for payment of their prior year service cost liability. The installment agreements are normally for a 30 year period. Prior to the issuance of GASB Statement No. 68, these amounts may not have been recorded as a payable to the plan on the employer's financial statements. GASB Statement No. 68, paragraphs 120 to 122 requires that the contribution payable be properly accounted for and reported in the participating employer's financial statements.

**Required Supplementary  
Information - Unaudited**

**Town of Windsor, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of Investment Returns - Defined Benefit Plan  
Last Three Fiscal Years  
June 30, 2016**

|  | 2016   | 2015  | 2014   |
|--|--------|-------|--------|
| Annual money-weighted rate of return,<br>net of investment income* | -2.01% | 1.45% | 16.25% |

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

**Town of Windsor, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of Employer Contributions - Defined Benefit Plan  
June 30, 2016**

|   | Schedule of Contributions - Pension |            |              |              |              |              |            |            |            |            |  |
|---|-------------------------------------|------------|--------------|--------------|--------------|--------------|------------|------------|------------|------------|--|
|   | 2016                                | 2015       | 2014         | 2013         | 2012         | 2011         | 2010       | 2009       | 2008       | 2007       |  |
| Actuarially determined contribution                                     | \$ 1,026,539                        | \$ 998,378 | \$ 1,311,760 | \$ 1,367,561 | \$ 1,334,389 | \$ 1,273,290 | \$ 843,833 | \$ 834,453 | \$ 827,855 | \$ 737,493 |  |
| Contributions in relation to the<br>actuarially determined contribution | 1,026,539                           | 998,378    | 1,311,760    | 1,367,561    | 1,334,389    | 1,273,290    | 843,833    | 834,453    | 827,855    | 737,493    |  |
| Contribution deficiency<br>(excess)                                     | \$ -                                | \$ -       | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       | \$ -       | \$ -       |  |
| Covered-employee payroll  | 14,982,909                          | 15,744,000 | 15,947,000   | 15,895,000   | 15,782,000   | 15,875,000   | 15,672,000 | 15,265,000 | 14,776,000 | 14,101,000 |  |
| Contributions as a percentage of<br>covered-employee payroll            | 6.85%                               | 6.34%      | 8.23%        | 8.60%        | 8.46%        | 8.02%        | 5.38%      | 5.47%      | 5.60%      | 5.23%      |  |



**Town of Windsor, Connecticut**

**Required Supplementary Information – unaudited  
Schedule of Changes in Net Pension Liability (NPL) and Related Ratios – Defined Benefit Plan  
Last Three Fiscal Years  
June 30, 2016  
(in 000s)**

| Changes in Net Pension Liability                         | 2016         | 2015         | 2014         |
|--|--------------|--------------|--------------|
| Total pension liability:                                 |              |              |              |
| Service cost   | \$ 1,090     | \$ 1,145     | \$ 1,206     |
| Interest on total pension liability                      | 5,385        | 5,193        | 4,973        |
| Effect of plan changes                                   | -            | -            | -            |
| Effect of economic/demographic gains or (losses)         | 20           | (179)        | (41)         |
| Effect of assumption changes or inputs                   | 1,007        | -            | -            |
| Benefit payments   | (3,481)      | (3,211)      | (3,112)      |
| <b>Net change in total pension liability</b>             | <b>4,021</b> | <b>2,948</b> | <b>3,026</b> |
| Total pension liability, beginning                       | 72,603       | 69,655       | 66,629       |
| Total pension liability, ending (a)                      | 76,624       | 72,603       | 69,655       |
| Fiduciary net position:                                  |              |              |              |
| Employer contributions                                   | \$ 1,027     | \$ 998       | \$ 1,312     |
| Member contributions                                     | 509          | 613          | 618          |
| Investment income net of investment expenses             | (1,271)      | 931          | 9,135        |
| Benefit payments   | (3,481)      | (3,211)      | (3,112)      |
| Administrative expenses                                  | (19)         | (13)         | (58)         |
| Net change in plan fiduciary net position                | (3,235)      | (682)        | 7,895        |
| Fiduciary net position, beginning                        | 64,485       | 65,167       | 57,272       |
| Fiduciary net position, ending (b)                       | 61,249       | 64,485       | 65,167       |
| Net pension liability, ending = (a) - (b)                | \$ 15,375    | \$ 8,118     | \$ 4,488     |
| Fiduciary net position as a % of total pension liability | 79.93%       | 88.82%       | 93.56%       |
| Covered payroll  | \$ 14,983    | \$ 15,744    | \$ 15,947    |
| Net pension liability as a % of covered payroll          | 102.62%      | 51.56%       | 28.14%       |

NOTE: As 2014 is the implementation year, only 2014, 2015 and 2016 information is available. Ten year information will be presented as each year becomes available

**Town of Windsor, Connecticut**

**Schedule of Contributions - Connecticut Municipal Employees' Retirement System (CMERS)  
 Required Supplementary Information - unaudited  
 Last Three Fiscal Years  
 For the Year Ended June 30, 2016**

| Measurement Period Ended June 30,                                   | 2016         | 2015         | 2014         |
|---|--------------|--------------|--------------|
| Actuarially determined contribution                                 | \$ 839,857   | \$ 914,805   | \$ 1,090,885 |
| Contribution in relation to the actuarially determined contribution | 839,857      | 914,805      | 1,090,885    |
| <b>Contribution deficiency (excess)</b>                             | \$ -         | \$ -         | \$ -         |
| Covered-employee payroll  | \$ 5,759,928 | \$ 5,528,217 | \$ 5,528,217 |
| Contributions as a percentage of covered-employee payroll           | 14.58%       | 16.55%       | 19.73%       |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

**Town of Windsor, Connecticut**

**Schedule of the Town's Proportionate Share of the Net Pension Liability -  
Connecticut Municipal Employees' Retirement System (CMERS)  
Required Supplementary Information - unaudited  
Last Two Fiscal Years  
For the Year Ended June 30, 2016**

|   | 2016                | 2015                |
|---|---------------------|---------------------|
| Town's proportion of the net pension liability  | 0.000000%           | 0.000000%           |
| Town's proportionate share of the net pension (asset) liability                                   | \$ (3,332,712)      | \$ (3,947,859)      |
| Town's covered-employee payroll   | <u>\$ 5,759,928</u> | <u>\$ 5,528,217</u> |
| Town's proportionate share of the net pension liability as a percentage<br>of its covered payroll | <u>-57.86%</u>      | <u>-71.41%</u>      |
| System fiduciary net position as a percentage<br>of the total pension liability                   | <u>92.72%</u>       | <u>90.48%</u>       |

The allocation totals and percentages for the year-ending June 30, 2015 have been adjusted based on a restatement to the Connecticut Municipal Employees Retirement System fiduciary net assets. The July 1, 2014 fiduciary net position was increased \$139,565,000 to include the gross amount of contributions receivable.

**Town of Windsor, Connecticut**

**Schedule of the Town's Proportionate Share of the Net Pension Liability -  
Teachers' Retirement System  
Required Supplementary Information - unaudited  
Last Two Fiscal Years  
For the Year Ended June 30, 2016**

|   | 2016                 | 2015                 |
|---|----------------------|----------------------|
| Town's proportion of the net pension liability  | 0.8%                 | 0.0%                 |
| Town's proportionate share of the net pension liability   | \$ -                 | \$ -                 |
| State's proportionate share of the net pension liability<br>associated with the Town              | <u>\$ 81,836,695</u> | <u>\$ 75,641,625</u> |
| Total   | <u>\$ 81,836,695</u> | <u>\$ 75,641,625</u> |
| Town's covered-employee payroll   | <u>\$ 30,419,140</u> | <u>\$ 29,228,000</u> |
| Town's proportionate share of the net pension liability as a percentage<br>of its covered payroll | <u>0%</u>            | <u>0%</u>            |
| System fiduciary net position as a percentage<br>of the total pension liability                   | <u>59.50%</u>        | <u>61.51%</u>        |

**Notes to Schedule**

|                               |  |
|-------------------------------|--|
| Change in benefit terms       | None   |
| Changes of assumptions        | During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010. |
| Actuarial cost method         | Entry age  |
| Amortization method           | Level percent of salary, closed  |
| Remaining amortization period | 22.4 years   |
| Asset valuation method        | 4-year smoothed market   |

**Town of Windsor, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of Funding Progress and Schedule of Employer Contributions –  
Other Post-Employment Benefits  
June 30, 2016**

*Schedule of Funding Progress*

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability (AAL)<br>(b) | Unfunded<br>AAL<br>(a-b) | Funded<br>Ratio<br>(a/b) |
|--------------------------------|--|--|--------------------------|--------------------------|
| July 1, 2007                   | \$ -                                   | \$ 66,013,000                                  | \$ (66,013,000)          | 0.0%                     |
| July 1, 2009                   | \$ -                                   | \$ 72,896,000                                  | \$ (72,896,000)          | 0.0%                     |
| July 1, 2011                   | \$ -                                   | \$ 74,028,000                                  | \$ (74,028,000)          | 0.0%                     |
| *July 1, 2013                  | \$ -                                   | \$ 71,595,156                                  | \$ (71,595,156)          | 0.0%                     |

\*Amount revised due to creation of OPEB trust

*Schedule of Employer Contributions*

| Year ended June 30, | Annual Required<br>Contribution | Percentage Contributed |
|---------------------|---------------------------------|------------------------|
| 2010                | \$ 7,185,000                    | 29.02%                 |
| 2011                | 7,118,000                       | 29.04%                 |
| 2012                | 7,681,000                       | 29.72%                 |
| 2013                | 7,258,000                       | 28.20%                 |
| 2014                | 7,831,000                       | 28.60%                 |
| 2015                | 6,299,617                       | 41.20%                 |
| 2016                | 6,762,112                       | 38.40%                 |

Town of Windsor, Connecticut

**Required Supplementary Information - Unaudited**  
**Statement of Revenues, Expenditures and Changes in Budgetary Fund Balance - Budgetary Basis**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2016**

|  | Budgeted Amounts    |                       | Actual<br>Budgetary<br>Basis | Variance With<br>Final Budget |
|--|---------------------|-----------------------|------------------------------|-------------------------------|
|  | Original            | Final                 |                              |                               |
| <b>Revenues:</b>                             |                     |                       |                              |                               |
| Property taxes                               | \$ 88,290,620       | \$ 88,290,620         | \$ 89,012,808                | \$ 722,188                    |
| Licenses and permits                         | 629,230             | 629,230               | 916,974                      | 287,744                       |
| Fines, forfeitures and penalties             | 40,000              | 40,000                | 45,209                       | 5,209                         |
| Other agencies                               | 113,750             | 113,750               | 139,218                      | 25,468                        |
| Intergovernmental                            | 15,162,060          | 15,162,060            | 14,539,764                   | (622,296)                     |
| Revenues from use of assets                  | 513,830             | 513,830               | 525,743                      | 11,913                        |
| Charges for services                         | 734,650             | 734,650               | 1,165,258                    | 430,608                       |
| <b>Total revenues</b>                        | <b>105,484,140</b>  | <b>105,484,140</b>    | <b>106,344,974</b>           | <b>860,834</b>                |
| <b>Expenditures:</b>                         |                     |                       |                              |                               |
| <b>Current:</b>                              |                     |                       |                              |                               |
| General government                           | 966,020             | 1,000,570             | 999,458                      | 1,112                         |
| Safety service                               | 9,976,810           | 9,976,810             | 9,707,277                    | 269,533                       |
| Public works                                 | 5,277,280           | 5,171,240             | 4,969,837                    | 201,403                       |
| Health services                              | 477,170             | 477,170               | 440,645                      | 36,525                        |
| Human services                               | 873,760             | 873,760               | 829,398                      | 44,362                        |
| Recreation and leisure services              | 1,412,430           | 1,070,030             | 1,064,793                    | 5,237                         |
| Education                                    | 66,025,950          | 65,902,350            | 65,798,461                   | 103,889                       |
| Town support for education                   | 4,604,720           | 2,134,940             | 2,134,835                    | 105                           |
| Library services                             | 1,590,340           | 1,590,340             | 1,574,820                    | 15,520                        |
| Development services                         | 1,799,370           | 1,799,370             | 1,663,547                    | 135,823                       |
| Information services                         | 436,140             | 436,140               | 428,262                      | 7,878                         |
| Administrative services                      | 2,152,930           | 2,152,930             | 2,075,212                    | 77,718                        |
| Community development                        | 92,500              | 92,500                | 92,500                       | -                             |
| General services                             | 10,785,020          | 5,697,078             | 5,641,315                    | 55,763                        |
| <b>Total expenditures</b>                    | <b>106,470,440</b>  | <b>98,375,228</b>     | <b>97,420,360</b>            | <b>954,868</b>                |
| <b>Revenues over (under) expenditures</b>    | <b>(986,300)</b>    | <b>7,108,912</b>      | <b>8,924,614</b>             | <b>1,815,702</b>              |
| <b>Other financing sources (uses):</b>       |                     |                       |                              |                               |
| Transfers in                                 | 86,300              | 86,300                | 78,508                       | (7,792)                       |
| Transfers out                                | -                   | (8,095,212)           | (8,095,212)                  | -                             |
| Use of fund balance                          | -                   | (177,574)             | (177,574)                    | -                             |
| <b>Total other financing sources (uses)</b>  | <b>86,300</b>       | <b>(8,186,486)</b>    | <b>(8,194,278)</b>           | <b>(7,792)</b>                |
| <b>Net change in budgetary fund balance</b>  | <b>\$ (900,000)</b> | <b>\$ (1,077,574)</b> | <b>730,336</b>               | <b>\$ 1,807,910</b>           |
| Budgetary fund balance, beginning            |                     |                       | 19,935,850                   |                               |
| Budgetary fund balance, ending               |                     |                       | 20,666,186                   |                               |
| <b>Less:</b>                                 |                     |                       |                              |                               |
| Inventory                                    |                     |                       | (21,599)                     |                               |
| FY 17 appropriation of fund balance          |                     |                       | (900,000)                    |                               |
| FY 17 town council appropriation             |                     |                       | (101,735)                    |                               |
| <b>Unassigned fund balance, ending</b>       |                     |                       | <b>19,642,852</b>            |                               |
| Unassigned, beginning                        |                     |                       | 18,974,637                   |                               |
| <b>Net change in unassigned fund balance</b> |                     |                       | <b>\$ 668,215</b>            |                               |

See notes to required supplementary information.

**Town of Windsor, Connecticut**

**Note to Required Supplementary Information (Unaudited)**

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**Note 1. Budgets and Budgetary Accounting**

**General Fund:** Budget policies in accordance with the Town Charter, Chapter 8, Sections 8-1 through 8-4, are as follows:

- A. Prior to April 1, the Town Manager submits the proposed budget for the General Fund to the Town Council.
- B. After various public hearings, the Town Council recommends the budget, as revised, for adoption at the annual Town Meeting on the first Tuesday in May.
- C. The Town Meeting appropriates the budget as one balance for revenues and separate expenditure amounts per individual service unit. Additional appropriations and transfers between functions and activities may be made by the Town Council in accordance with Town Charter provisions, thereby lowering the legal level of control to the function and activity levels. The level at which expenditures may not legally exceed appropriations is at the service unit level, i.e., safety services, public works, etc.
- D. The original budget for expenditures, encumbrances and other financing uses was increased by approximately \$177,574 as a result of fund balance and revenue appropriations during the year ended June 30, 2016. The additional appropriations were approved in accordance with the Town Charter.
- E. A reconciliation of General Fund operations presented in accordance with accounting principles generally accepted in the United States of America (GAAP) to the amounts presented on the budgetary basis is as follows:

|   | Revenues<br>and Transfers | Expenditures<br>and Transfers |
|---|---------------------------|-------------------------------|
| Balance, GAAP basis   | \$ 115,069,063            | \$ 114,303,514                |
| State teachers retirement payments made by State Department of Education on behalf of the Town, not recognized for budgetary purposes                   | (7,240,000)               | (7,240,000)                   |
| Reclassified to General Fund, as funds were previously reported as special revenue funds, and no longer meet the definition in accordance with GASB 54. | (1,405,581)               | (1,702,979)                   |
| Encumbrances:   |                           |                               |
| June 30, 2015   | -                         | (650,803)                     |
| June 30, 2016   | -                         | 983,414                       |
| <b>Balance, budgetary basis</b>   | <b>\$ 106,423,482</b>     | <b>\$ 105,693,146</b>         |

- F. Classifications of certain revenues and expenditures under GAAP differ from classifications utilized for budgetary purposes.

**Town of Windsor, Connecticut**

**Note to Required Supplementary Information (Unaudited)**

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**Note 1. Budgets and Budgetary Accounting (Continued)**

**Special Revenue Funds:** The town includes special revenue funds within the adopted annual operating budget. Budgets for the various special revenue funds that are utilized to account for specific grant programs are established in accordance with the requirements of the State or other grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

**Capital Projects Funds:** Legal authorization for expenditures of the capital projects funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut General Statutes. Capital appropriations do not lapse until completion of the applicable projects.



## APPENDIX B – OPINION OF BOND COUNSEL AND TAX EXEMPTION

*The following information has been prepared by Bond Counsel in connection with this bond issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.*

### BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the initial purchaser when the Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the initial purchaser.

The opinion of Day Pitney LLP with respect to the Bonds will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Windsor  
Windsor, Connecticut

We have represented the Town of Windsor, Connecticut as Bond Counsel in connection with the issuance by the Town of \$9,225,000 General Obligation Refunding Bonds, Issue of 2017, Series A, dated as of May 4, 2017.

We have examined a record of proceedings authorizing the Bonds, and based on our examination, we are of the opinion that the Town of Windsor is authorized to issue the Bonds; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds; the Bonds will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Bonds against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds will be excluded from gross income for Federal income tax purposes. The representations and agreements also provide that the Bonds are designated or deemed designated as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (2) the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) the Bonds are "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on the record of proceedings authorizing the Bonds, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day Pitney LLP

## **FEDERAL INCOME TAX.**

**Interest Excluded From Gross Income.** The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Bonds. Failure to comply with any of these requirements may cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Bonds will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Bonds will be excluded from the gross income of the owners thereof for federal income tax purposes.

**Alternative Minimum Tax.** The Code imposes an alternative minimum tax on individuals and an alternative minimum tax on corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not "private activity bonds" so that interest on the Bonds will not be treated as a preference item for individuals or corporations in calculating alternative minimum taxable income.

The Code provides, however, that for most corporations a portion of the excess of adjusted current earnings (which includes certain tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax.

**Financial Institutions.** The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds will be "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

**Additional Federal Income Tax Matters.** In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

## **STATE OF CONNECTICUT TAX ON INTEREST.**

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

#### **ORIGINAL ISSUE DISCOUNT.**

The initial public offering price of certain of the Bonds may be less than the amount payable on the Bonds at maturity. The excess of the amount payable at maturity over the initial public offering price at which a substantial amount of such Bonds are sold constitutes original issue discount. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for federal income tax purposes. Accrued original issue discount on a bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds.

#### **ORIGINAL ISSUE PREMIUM.**

The initial public offering price of certain of the Bonds may be greater than the amount payable on the Bonds at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Owners of the Bonds having original issue premium, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such the bonds.

**GENERAL.**

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or any changes in law or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Bonds will not have an effect on the federal tax status or the market price of the Bonds or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Bonds, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Bonds are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

## APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.*

### **Continuing Disclosure Agreement for Bonds**

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of May 4, 2017 by the Town of Windsor, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$9,225,000 General Obligation Refunding Bonds, Issue of 2017, Series A, dated as of May 4, 2017 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Final Official Statement" means the official statement of the Issuer dated April 12, 2017 prepared in connection with the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

### **Section 2. Annual Financial Information.**

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2016) as follows:

(i) Financial statements of the Issuer's general fund for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above:

- (A) amounts of the gross and the net taxable grand list applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total direct debt, total net direct debt, and total overall net debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,

- (F) total direct debt, total net direct debt and total overall net debt of the Issuer per capita,
- (G) ratios of the total direct debt, total net direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the pension benefit obligation.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided (the "Filing Due Date"). The Issuer's fiscal year currently ends on June 30. The Issuer reserves the right to provide unaudited financial statements if audited financial statements are not available as of the Filing Due Date, provided that the Issuer shall promptly provide audited financial statements when available.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

### **Section 3. Notice of Certain Events.**

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

*Events (d) and (e).* The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds, unless the Issuer applies for or participates in obtaining the enhancement.

*Event (f).* Event (f) is relevant only to the extent interest on the Bonds is excluded from gross income for federal income tax purposes.

*Event (h).* The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not *otherwise* contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Bonds will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Bonds to be redeemed as required under the terms of the Bonds, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Bond purchases.

#### **Section 4. Notice of Failure to Provide Annual Financial Information.**

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

#### **Section 5. Use of Agents.**

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

#### **Section 6. Termination.**

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

#### **Section 7. Enforcement.**

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Finance Director, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Finance Director is Town Hall, 275 Broad Street, P.O. Box 472, Windsor, Connecticut 06095.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

#### **Section 8. Miscellaneous.**

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF WINDSOR

By: \_\_\_\_\_  
Peter P. Souza  
Town Manager

By: \_\_\_\_\_  
James R. Bourke  
Finance Director