

Official Statement Dated June 11, 2014

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

\$4,270,000

GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2014, SERIES B

**(BANK QUALIFIED)
BOOK-ENTRY-ONLY**

Dated: Date of Delivery

Due: August 15, as shown herein

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 August 15 and February 15 in each year until maturity, commencing August 15, 2014. 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 redemption prior to maturity.

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

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 June 26, 2014.

TOWN OF WINDSOR, CONNECTICUT

\$4,270,000

GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2014, SERIES B BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: August 15, as shown below

MATURITY SCHEDULE AND AMOUNTS

<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>
2014	\$ 45,000	2.000%	0.200%	973568ZB3	2020	\$ 1,415,000	3.000%	1.610%	973568Z84
2017	310,000	4.000	0.670	973568Z50	2021	380,000	3.000	1.900	973568Z92
2018	670,000	4.000	1.030	973568Z68	2022	680,000	4.000	2.100	973568Z A5
2019	770,000	3.000	1.330	973568Z76					

- (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. 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 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 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.

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TABLE OF CONTENTS

Page #

SECTION I – SECURITIES OFFERED

Introduction 1
Description of the Bonds 1
Plan of Refunding 2
Verification of Mathematical Computations 3
Sources and Uses of Bond Proceeds 4
Ratings 4
Security and Remedies 4
Qualification for Financial Institutions 5
Book-Entry Transfer System 5
Replacement Bonds 6
DTC Practices 6
Underwriting 6

SECTION II – THE ISSUER

Description of the Town 7
Form of Government 7
Table of Organization 8
Municipal Officials 8
Biographies of Principal Officials 9
Summary of Municipal Services 9
Educational System 11
Educational Facilities 11
School Enrollments 11
Municipal Employment 12
Municipal Employees by Category 12
Municipal Employees Bargaining Organizations 13
Economic Development 13

SECTION III – ECONOMIC AND DEMOGRAPHIC DATA

Population Trends 15
Age Characteristics of the Population 15
Selected Wealth and Income Indicators 15
Income Distribution 16
Educational Attainment 16
Employment by Industry 16
Major Employers 17
Unemployment Rate Statistics 17
Number and Value of Building Permits 17
Number of Dwelling Units 18
Characteristics of Housing Units 18
Age Distribution of Housing 18
Breakdown of Land Use 18

SECTION IV – INDEBTEDNESS

Computation of Statutory Debt Limit	19
Calculation of Net Direct Indebtedness	20
Current Debt Ratios	20
Historical Debt Statement	21
Historical Debt Ratios	21
Outstanding Short-Term Indebtedness	22
Overlapping and Underlying Indebtedness	22
Legal Requirements for Approval of Borrowing	23
Temporary Financing	23
Capital Improvement Program	23
School Projects	23
Authorized but Unissued Debt	24
Combined Schedule of Long Term Debt through Maturity	24

SECTION V – FINANCIAL DATA

Accounting Policies	25
Basis of Accounting	25
Audit	25
Certificate of Achievement for Excellence in Financial Reporting	25
Budgetary Procedure	25
Supplemental Appropriations	26
Employee Pension Systems	26
Other Post Employment Benefits	27
Investment Policies and Procedures	28
Risk Management	29
Assessment Practices	29
Tax Collection Procedures	30
Real Property Tax Levies and Collections	30
Taxable Grand List	30
Largest Taxpayers	31
Revenues	31
Property Tax Revenues	31
Intergovernmental Revenues	32
Expenditures	32
Comparative General Fund Operating Statement – Budget and Actual (Budgetary Basis)	33
Comparative Balance Sheets – General Fund	34
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	35

SECTION VI – ADDITIONAL INFORMATION

Litigation	36
Availability of Continuing Disclosure Information	36
Financial Advisor	36
Documents Accompanying Delivery of the Bonds	36
Concluding Statement	37

APPENDICES

Appendix A – Financial Statements	A-1
Appendix B – Opinion of Bond Counsel and Tax Exemption	B-1
Appendix C – Form of Continuing Disclosure Agreement	C-1

SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page, inside 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 \$4,270,000 General Obligation Refunding Bonds, Issue of 2014, Series B (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 August 15 in each of the years and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds will be payable on February 15 and August 15 in each year until maturity, commencing August 15, 2014. 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 January and July 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.**

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 May 19, 2014. The Resolution authorizes the issuance of refunding bonds in an amount not to exceed \$5,500,000 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>
2008	6/15/2008	6/15/2020	\$ 100,000	4.000%	7/28/2014	100.0%
2008	6/15/2008	6/15/2021	100,000	4.000	7/28/2014	100.0
2008	6/15/2008	6/15/2022	100,000	4.000	7/28/2014	100.0
2008	6/15/2008	6/15/2023	100,000	4.125	7/28/2014	100.0
			<u>400,000</u>			
2010-A	4/20/2010	4/15/2018	300,000	4.000	4/15/2017	100.0
2010-A	4/20/2010	4/15/2019	300,000	4.000	4/15/2017	100.0
2010-A	4/20/2010	4/15/2020	300,000	4.000	4/15/2017	100.0
2010-A	4/20/2010	4/15/2021	250,000	4.000	4/15/2017	100.0
2010-A	4/20/2010	4/15/2022	250,000	4.000	4/15/2017	100.0
2010-A	4/20/2010	4/15/2023	250,000	4.000	4/15/2017	100.0
2010-A	4/20/2010	4/15/2024	250,000	4.000	4/15/2017	100.0
2010-A	4/20/2010	4/15/2025	225,000	4.000	4/15/2017	100.0
			<u>2,125,000</u>			
2011	4/12/2011	4/1/2019	350,000	3.000	4/1/2016	100.0
2011	4/12/2011	4/1/2020	350,000	3.000	4/1/2016	100.0
2011	4/12/2011	4/1/2021	350,000	3.000	4/1/2016	100.0
2011	4/12/2011	4/1/2023	350,000	3.500	4/1/2016	100.0
2011	4/12/2011	4/1/2024	365,000	3.500	4/1/2016	100.0
			<u>1,765,000</u>			
			<u>\$ 4,290,000</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 June 26, 2014 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 State and Local Government Series ("SLGS") securities (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	\$ 4,270,000.00
Original Issue Premium/Discount	414,458.95
Total Sources	<u>\$ 4,684,458.95</u>

Uses:

Deposit to Escrow Deposit Fund	\$ 4,600,334.41
Underwriter's Discount	22,500.00
Cost of Issuance	55,000.00
Additional Proceeds	6,624.54
Total Uses	<u>\$ 4,684,458.95</u>

Ratings

The Bonds have been rated "AAA" by Standard and Poor's ("S&P"). The ratings on the Town's outstanding bonds are "AAA" by S&P and "Aa1" by Moody's Investors Service, Inc. ("Moody's"). However, the Town did NOT apply for a rating from Moody's on the Bonds. Such ratings reflect only the views of such rating agencies and an explanation of the significance of such ratings may be obtained from S&P and Moody's at the following addresses: Standard and Poor's Corporation: 55 Water Street, New York, New York 10041 and Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. 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 ratings may have an effect on the market price of the Town's bonds and notes.

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 62.62 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 of 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 regulated 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 has a Standard & Poor's rating of AA+. 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 and www.dtc.org.

Purchases of 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 confirmation 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 the 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 the 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 nor its nominee, 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, and 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 the 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 the 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 Town will provide for the issuance of fully-registered Bond certificates directly to the 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.

Neither the Town, the Paying Agent nor the Underwriter will have any responsibility or obligation to the Participants of DTC or the persons for whom they act as nominees with respect to (i) the accuracy of any records maintained by DTC or by any Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, (iii) the selection by DTC or by any Participant of DTC of any Beneficial Owner to receive payment in the event of a partial redemption of the Bonds or (iv) any other actions taken by DTC or its partnership nominees as owner of the Bonds.

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 \$4,661,958.95, consisting of the par amount of \$4,270,000, plus original issue premium of \$414,458.95, less Underwriters' discount of \$22,500.00. 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 inside 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 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 the Town with 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 inaugurated 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 2004 and amended in 2007 for the Open Space Plan and Agricultural Preservation Plan. It was amended again in 2008 for the Day Hill Corporate Area Plan, and updates are currently underway for the Residential Development, Economic Development, and Village Development chapters. The Town has approximately 1,400 acres of undeveloped industrially zoned land and has approved a concept plan that will allow for the development of approximately 600 acres of industrial land and add 4,000 dwelling units. Full development of the remaining residential land would result in a population increase of approximately 5,100. The Town's estimated population as of July 1, 2012 according to the U.S. Census Bureau was 29,140.

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 the St. Gabriel and Trinity Christian parochial schools, offering grades K-8 and PreK-12 respectively.

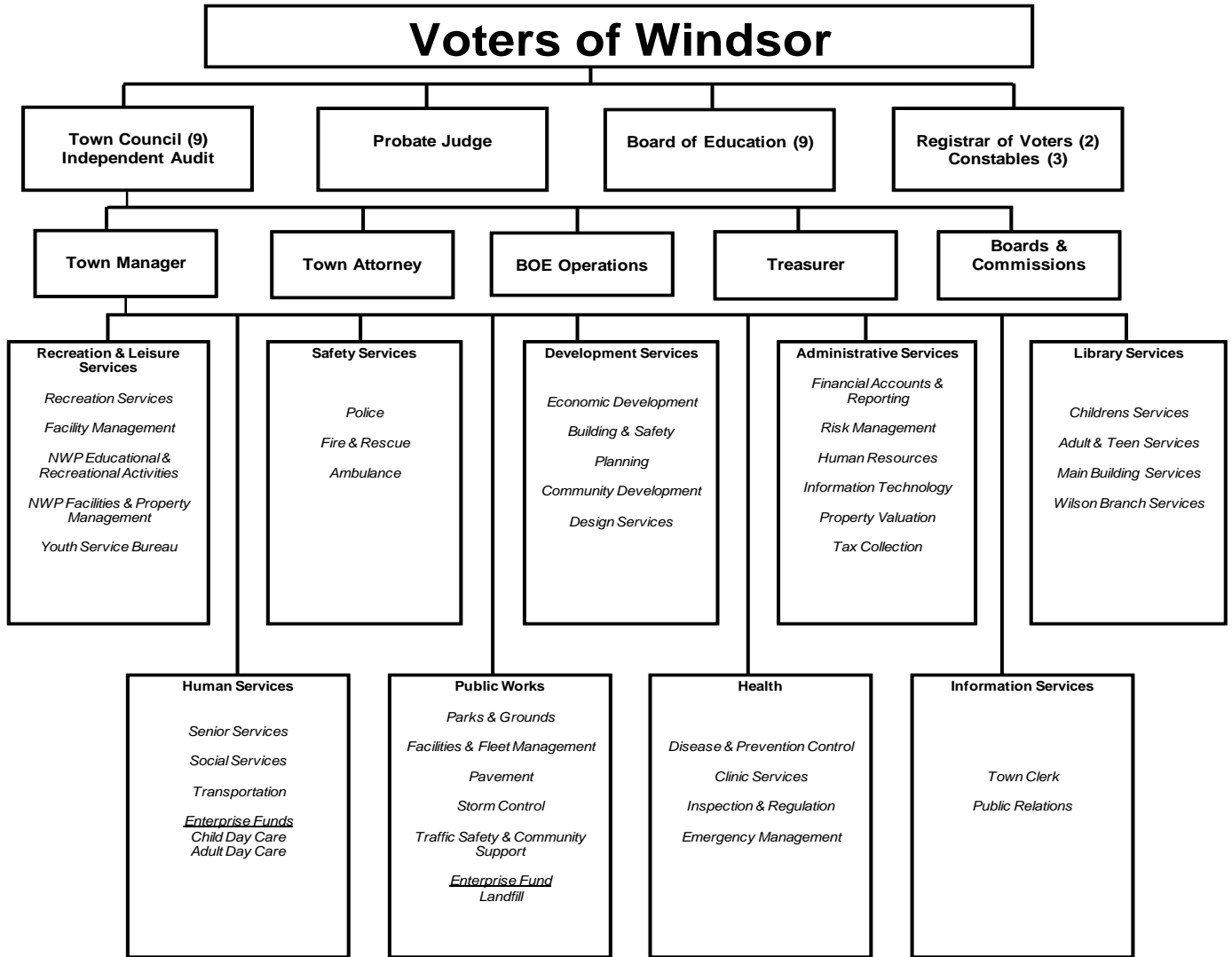
Form of Government

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 just 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

Name	Position	Term of Office	Years of Service
Donald S. Trinks	Mayor	2 Years – Elected	19.0
Jody L. Terranova	Deputy Mayor	2 Years – Elected	2.5
Alan J. Simon	Town Council	2 Years – Elected	15.0
Donald A. Jepsen Jr.	Town Council	2 Years – Elected	13.0
William H. Herzfeld	Town Council	2 Years – Elected	9.0
Randy P. McKenney	Town Council	2 Years – Elected	7.0
John J. Gamache	Town Council	2 Years – Elected	0.5
Kenny M. Wilkos	Town Council	2 Years – Elected	0.5
Jim G. Govoni	Town Council	2 Years – Elected	0.5
Peter P. Souza	Town Manager	Appointed	10.0
Dr. Craig A. Cooke	Superintendent of Schools	Appointed	0.5
Robert W. Metcalf	Finance Director	N/A	5.5
James R. Bourke	Assistant Finance Director	N/A	5.5

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 is currently serving as Superintendent of Schools for Windsor Public Schools. He began his service in April 2014. 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, CT public schools for 14 years.

Finance Director: Robert W. Metcalf was hired in December of 2008. Mr. Metcalf received a Bachelor's degree in Finance from the University of Massachusetts in 1972 and a Master's degree in Business Administration in 1973, also from the University of Massachusetts. Mr. Metcalf has over 30 years of municipal experience as a finance director in the State of Connecticut.

Assistant Finance Director: James R. Bourke, CPFO, was hired as Assistant Finance Director in September of 2008. Mr. Bourke earned a Bachelor's degree in Accounting from Eastern Connecticut State University in 2004.

Prior to his employment with the Town of Windsor, Mr. Bourke was the Assistant Finance Director for the City of Neosho, Missouri from November 2006 to August of 2008. He also has 19 years of experience in the private sector in the areas of Banking Operations, Treasury and Cash Management and Securities and Investment Accounting.

Mr. Bourke is a member of the Government Finance Officers Association of America and also the Connecticut Government Finance Officers Association. He was recently certified as a Public Finance Officer by the Government Finance Officers Association of America after passing a series of 5 examinations.

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 field 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 136 miles of roads, more than 1,500 acres of town-owned land, 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. The landfill serves the towns of Windsor and Bloomfield. 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). It is anticipated that the landfill will reach its capacity in the summer of 2014. 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. In March 2006, the Windsor Town Council determined that the last receipt of waste at the landfill will be when it reaches current permitted elevations as provided by the designed landform. 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. The conservative calculation basis assumes: a) that all work is contracted at prevailing contractor rates rather than performed by Town staff with Town equipment (which is a requirement of EPA Subtitle-D regulations), and b) that regulatory authorities will require systems to manage leachate and to collect gases generated within the landfill prior to discharge into the air.

Management is proposing that a portion 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 on part of the landfill, and has expanded this system in FY 2012 and FY 2014. 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.

Utilities: Northeast Utilities, the Connecticut Natural Gas Corporation, and AT&T, Inc. all provide service within the Town of Windsor.

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

<u>Schools</u>	<u>Grades</u>	<u>Date Occupied</u>	<u>Additions/ Renovations</u>	<u>Classrooms</u>	<u>Enrollment 10/01/13</u>	<u>Capacity</u>
Oliver Ellsworth Elementary	Pre-K-2	1971		31	451	660
Poquonock Elementary School	K-2	1947	1958, 1980, 1988	27	249	546
Clover St. Elementary School	3-5	1957	1988	27	258	517
J.F.Kennedy Elementary School	3-5	1965	1988	28	425	546
Sage Park Middle School	6-8	1969	1993	50	725	1,250
Windsor High School	9-12	1952	1977, 2000	86	1,144	1,500
Total					<u>3,252</u>	<u>5,019</u>

Source: Superintendent of Schools

School Enrollments

<u>As of October 1</u>	Actual				<u>Special Education (1)</u>	<u>Total</u>
	<u>Pre-K-5</u>	<u>6 - 8</u>	<u>9 - 12</u>			
2004	1,825	1,023	1,486	40	4,374	
2005	1,775	993	1,472	40	4,280	
2006	1,702	967	1,481	-	4,150	
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	
	Projected					
2014	1,371	679	1,084	-	3,134	
2015	1,363	647	1,012	-	3,022	
2016	1,379	595	991	-	2,965	
2017	1,383	582	935	-	2,900	
2018	1,370	591	880	-	2,841	

(1) Special education students included in grade totals.

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

Municipal Employment

<u>Fiscal Year</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Board of Education	643	628	600	622	631	673	668	675	684	666
General Government	163	163	164	164	165	168	165	165	170	174
Grant and Enterprise Funded	56	23	23	23	24	24	27	27	27	33
Total	<u>862</u>	<u>814</u>	<u>787</u>	<u>809</u>	<u>820</u>	<u>865</u>	<u>860</u>	<u>867</u>	<u>881</u>	<u>873</u>

Source: Town Officials.

Municipal Employees by Category

<u>Department</u>	<u>Employees</u>
<u>General Government</u>	
Administrative Services	18
Development Services	16
Community Development	2
Human Services	6
Recreation Services	7
Health Services	4
Information Services	3
Library Services	9
Public Works	32
Safety Services	63
Town Manager	3
General Government Subtotal	<u>163</u>
Enterprise Personnel	<u>23</u>
General Government Total	<u>186</u>
<u>Board of Education</u>	
Administration and Principals	31
Teachers	332
Pupil Personnel (Psychologists, Social Workers, Speech Clinicians)	25
Secretaries/ParaProfessionals	124
Nurses	9
Non-Bargaining Employees	34
Custodial/Maintenance	38
Board of Education Subtotal	<u>593</u>
Food Service	50
Grant Funded	<u>33</u>
Board of Education Total	<u>676</u>
Grand Total	<u>862</u>

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>
<u>GENERAL GOVERNMENT</u>			
Police	Windsor Police Department Employees Association	47	6/30/16
Public Works/Clerical	International Brotherhood of Teamsters, Local 671	44	6/30/14
Dispatchers	United Public Service Employees Union (UPSUE Local 424, Unit 10)	8	6/30/14
<u>BOARD OF EDUCATION</u>			
Teachers	Windsor Education Association, CEA	372	6/30/16
Administrators	Windsor School Administrators and Supervisors Assoc.	26	6/30/17
Nurses	Windsor School Nurses Assoc., CSEA	8	6/30/16
Paraprofessionals	Windsor Paraprofessional Employees Assoc., NAGE	108	6/30/17
Secretaries	CSEA AFL-CIO Administrative Support Staff	34	6/30/17
School Employees	Windsor School Employees Union, NAGE (Custodial, Maintenance and Cafeteria Employees)	58	6/30/16

(1) The negotiation of collective bargaining agreements is subject to binding arbitration under Connecticut 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 is an important regional employment center in New England's Knowledge Corridor. It is strategically located between Hartford, CT and Springfield, MA on Interstate I-91 and adjoining Bradley International Airport. Windsor maintains a diversified economic base. Major industries include business and financial services, precision manufacturing, software development, regional distribution, data management and hospitality.

With a jobs base of more than 23,000, Windsor ranks fifth among Hartford area communities in total non-retail employment. Major private employers include Hartford Life, ING, Alstom, Northeast Utilities, Westinghouse, Konica Minolta, CIGNA, Walgreens, Permasteelisa and SS&C.

Between 2000 and 2013, Windsor experienced substantial growth. More than five million square feet of new commercial space was constructed during this period including 300,000 SF of retail, 1.2 million SF of office, and 3.5 million SF of industrial/distribution space. In addition, more than 580 new hotel rooms and conference space were built to serve the growing business community.

Among the most significant projects during this period were:

- Walgreens Northeast Distribution Center - an 800,000 SF high-tech distribution facility to serve drugstores in an eight-state region. This \$250 million facility was placed in operation in January 2009 and currently employs approximately 500 persons.
- ING Corporate Office Campus - a 475,000 SF office center to house its largest employee base in North America. This \$90 million facility was completed in the fall of 2007 and employs approximately 2,000 persons.
- Emhart Glass Research and Development Center - a 60,000 SF facility including a 40-metric ton glass furnace for the development of glass container fabrication technologies and equipment. This \$20 million research center opened in the spring of 2008 and employs 60 engineers and scientists.
- Hartford Life Campus - a 450,000 SF office center to consolidate existing operations in the area and to provide space for planned growth. This \$110 million facility opened in the fall of 2008 and employs approximately 2,000 persons.
- Dollar Tree Distribution Center - a 1,000,000 SF distribution facility to serve retail stores in the United States and Canada. This \$70 million facility was placed in operation in June of 2013 and employs approximately 200 persons.

Between 2000 and 2012, the number of jobs in Windsor increased by 24.7% from 18,910 to 23,587. The most significant changes came in the Professional, Scientific and Management sector and the Finance, Insurance and Real Estate sector. The former saw increased employment by 171% from 1,343 jobs in 2000 to 3,641 jobs in 2012. The latter increased employment by 139% from 2,210 jobs in 2000 to 5,290 jobs in 2012. This increased these sectors' portions of the local workforce from 7.1% and 11.7% respectively in 2000 to 15.4% and 22.4% in 2012.

Other sectors that increased significantly are Arts, Entertainment, Accommodation and Food with 368 new jobs which is a 64.7% increase and Transportation and Warehousing with 481 new jobs which is a 61.6% increase.

While it has declined over the decade, manufacturing employment at 16.5% of Windsor-based jobs remains a significant component of the local economy.

Average annual wages in Windsor have increased by 56% between 2000 and 2012 from \$46,221 to \$72,043. By comparison, over the same period, annual wages in the State of Connecticut rose by only 37% (\$45,485 to \$62,159) and in Hartford County by only 40% (\$43,656 to \$61,207).

The most significant projects currently under construction are:

- Amazon.com - a 1.5 million SF fulfillment center for the leading online retailer. This \$100 million facility will be completed in the first quarter of 2015 and will employ 380 persons.

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, 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 and planning for development to support and benefit from commuter rail service expansion in the Town center. The CT DOT has initiated a project for high-speed and enhanced commuter rail service through Windsor by 2016.

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
2012	29,140	897,259	3,590,347

Source: U.S. Department of Commerce, Bureau of Census.

Age Characteristics of Population

Age	Town of Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5	1,417	4.9	50,688	5.7	202,106	5.7
5 - 19	5,470	18.8	176,874	19.8	713,670	20.0
20 - 24	1,513	5.2	55,702	6.2	227,898	6.4
25 - 44	6,960	24.0	228,481	25.6	904,815	25.3
45 - 64	9,253	31.9	252,150	28.2	1,019,049	28.5
65 and over	4,431	15.3	130,119	14.6	506,559	14.2
TOTAL	29,044	100.0	894,014	100.0	3,574,097	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2010 Census.

Selected Wealth and Income Indicators

	Median Family Income		Per Capita Income	
	(2000)	(2012)	(2000)	(2012)
Town of Windsor	\$73,064	\$90,410	\$27,633	\$35,594
Hartford County	62,144	81,533	26,047	34,356
Connecticut	65,521	87,172	28,766	37,807
United States	49,600	64,585	21,690	28,051

Source: U.S. Department of Commerce, Bureau of Census, Census 2000 and 2008-2012 American Community Survey.

Income Distribution

	Town of Windsor		Hartford County		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ -0- to 9,999	139	1.8	8,846	3.9	29,554	3.3
10,000 to 14,999	30	0.4	5,871	2.6	19,067	2.1
15,000 to 24,999	297	3.8	12,715	5.6	46,703	5.1
25,000 to 34,999	308	4.0	15,378	6.8	56,959	6.3
35,000 to 49,999	731	9.4	23,029	10.1	86,314	9.5
50,000 to 74,999	1,433	18.4	38,339	16.8	145,557	16.0
75,000 to 99,999	1,414	18.2	34,993	15.4	135,431	14.9
100,000 to 149,999	1,936	24.9	45,708	20.1	190,762	21.0
150,000 to 199,999	969	12.5	22,057	9.7	89,839	9.9
200,000 or more	511	6.6	20,840	9.1	107,414	11.8
TOTAL	7,768	100.0	227,776	100.0	907,600	100.0

Source: U.S. Department of Commerce, 2008-2012 American Community Survey.

Educational Attainment

	Town of Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	601	3.0	31,280	5.1	109,649	4.5
9th to 12th grade	902	4.5	43,721	7.2	158,805	6.5
High School Graduate	5,355	26.6	169,383	27.7	677,253	27.9
Some College	4,131	20.5	109,843	18.0	429,013	17.6
Associate Degree	2,051	10.2	46,581	7.6	177,531	7.3
Bachelor Degree	3,845	19.1	120,499	19.7	494,197	20.3
Graduate or Professional Degree	3,227	16.0	89,668	14.7	384,892	15.8
TOTAL	20,112	100.0	610,975	100.0	2,431,340	100.0
Percent High School Graduate or Higher		92.5%		87.7%		89.0%
Percent Bachelor's Degree or Higher		35.2%		34.4%		36.2%

Source: U.S. Department of Commerce, 2008-2012 American Community Survey.

Employment by Industry

	Town of Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing, hunting and mining	34	0.2	1,010	0.2	6,786	0.4
Construction	878	5.7	21,157	4.8	102,566	5.8
Manufacturing	1,132	7.4	48,442	11.1	197,445	11.2
Wholesale trade	328	2.1	10,580	2.4	43,172	2.4
Retail trade	1,260	8.2	46,784	10.7	193,133	11.0
Transportation, warehousing, and utilities	787	5.2	17,625	4.0	66,436	3.8
Information	403	2.6	10,750	2.5	43,327	2.5
Finance, insurance, real estate and rental & leasing	2,412	15.8	51,599	11.8	165,347	9.4
Professional, scientific, management, administrative, and waste management services	1,520	10.0	43,111	9.9	190,556	10.8
Educational, health and social services	4,004	26.2	113,572	26.0	459,463	26.1
Arts, entertainment, recreation, accommodation and food services	978	6.4	33,357	7.6	145,799	8.3
Other services (except public administration)	658	4.3	19,172	4.4	80,847	4.6
Public Administration	881	5.8	19,440	4.5	67,830	3.8
TOTAL	15,275	100.0	436,599	100.0	1,762,707	100.0

Source: U.S. Department of Commerce, 2008-2012 American Community Survey.

Major Employers

Name of Employer	Nature of Entity	Estimated Number of Employees
Hartford Life	Financial Services	2,200
ING	Insurance and Financial Services	1,800
Alstom Power Systems	North America HQ - engineering and customer service	1,350
CIGNA	Insurance (Data center)	1,000
Town of Windsor	Government/education	862
Northeast Utilities	Utility	600
Westinghouse Electric Co.	Nuclear power engineering	520
Walgreens	Distribution center for retail drug stores	500
Konica Minolta	Business equipment sales and support	450
Permasteelisa NA	Curtain wall design and manufacturer	400

Source: Town of Windsor Economic Development Staff

Unemployment Rate Statistics

Yearly Average	Town of Windsor %	Hartford Labor Market %	State of Connecticut %	United States %
2003	6.0	5.4	5.5	5.8
2004	4.9	5.2	4.7	5.5
2005	4.8	5.1	4.9	5.1
2006	4.1	4.4	4.3	4.6
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 Monthly				
Month	Town of Windsor %	Hartford Labor Market %	State of Connecticut %	United States %
January	6.9	7.6	7.5	7.0
February	6.8	7.4	7.4	7.0
March	6.7	7.4	7.4	6.8
April	6.4	6.6	6.6	5.9

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		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2014 (2)	8	\$ 1,668,250	214	\$ 66,744,842	914	\$ 5,937,747	1,136	\$ 74,350,839
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
2007	68	12,869,160	597	247,970,218	1,323	10,040,579	1,988	270,879,957
2006	132	19,825,867	441	48,233,581	1,319	8,268,182	1,892	76,327,630
2005	83	12,273,988	469	45,441,321	1,619	13,557,905	2,171	71,273,214

(1) As of January 31, 2014.

Source: Town of Windsor, Office of Building Inspections.

Number of Dwelling Units

	2010	2000	1990	1980	1970	% Increase 2000-2010	% Increase 1970-2010
	11,767	10,900	10,279	8,793	6,658	7.95%	76.73%

Source: U. S. Department of Commerce, Bureau of Census.

Characteristics of Housing Units (Owner-occupied)

	Town of Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	139	1.6	4,563	2.0	17,515	1.9
50,000 to 99,999	91	1.0	5,342	2.3	21,595	2.3
100,000 to 149,999	623	7.1	18,901	8.2	60,303	6.5
150,000 to 199,999	1,731	19.7	44,572	19.4	129,791	14.0
200,000 to 299,999	4,209	47.8	82,345	35.8	272,261	29.3
300,000 to 499,999	1,776	20.2	57,368	24.9	262,321	28.2
500,000 to 999,999	137	1.6	14,635	6.4	121,757	13.1
1,000,000 and over	91	1.0	2,334	1.0	44,017	4.7
	<u>8,797</u>	<u>100.0</u>	<u>230,060</u>	<u>100.0</u>	<u>929,560</u>	<u>100.0</u>
Median Values	\$240,800		\$246,400		\$285,900	

Source: U.S. Department of Commerce, 2008-2012 American Community Survey.

Age Distribution of Housing

	Town of Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	1,684	14.7	76,245	20.4	342,631	23.1
1940 to 1949	914	8.0	32,380	8.7	105,963	7.1
1950 to 1959	2,222	19.4	66,102	17.7	228,672	15.4
1960 to 1969	1,223	10.7	54,613	14.6	200,398	13.5
1970 to 1979	2,101	18.3	48,937	13.1	202,110	13.6
1980 to 1989	1,878	16.4	48,665	13.0	193,255	13.0
1990 to 1999	665	5.8	24,222	6.5	110,651	7.4
2000 to 2009	790	6.9	22,120	5.9	99,443	6.7
2010 or later	0	0.0	392	0.1	2,422	0.2
	<u>11,477</u>	<u>100.0</u>	<u>373,676</u>	<u>100.0</u>	<u>1,485,545</u>	<u>100.0</u>

Source: U.S. Department of Commerce, 2008-2012 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	7,375.52	44.3%	6,355.32	58.8%	1,020.20	17.4%
Commercial	1,665.91	10.0%	1,250.44	11.6%	415.47	7.1%
Industrial	2,653.13	15.9%	1,801.73	16.7%	851.40	14.5%
Other	4,965.68	29.8%	1,393.94	12.9%	3,571.74	61.0%
Total Area	<u>16,660.24</u>	<u>100.0%</u>	<u>10,801.43</u>	<u>100.0%</u>	<u>5,858.81</u>	<u>100.0%</u>

Source: Assessor's CAMA tax database as of October 2013.

SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of June 26, 2014 (Pro Forma)

Total Receipts for fiscal year ended June 30, 2013 (including interest and lien fees)	\$ 82,226,314
State Reimbursement for Revenue Loss on: Tax Relief for Elderly	-
Base for Establishing Debt Limit	<u>\$ 82,226,314</u>

Debt Limit (1)

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base)	\$ 185,009,207					
(4.50 times base)		\$ 370,018,413				
(3.75 times base)			\$ 308,348,678			
(3.25 times base)				\$ 267,235,521		
(3.00 times base)					\$ 246,678,942	
(7.00 times base)						\$ 575,584,198

Indebtedness (Including the Bonds)

Bonds Payable	\$ 26,089,000	\$ 13,321,000	\$ -	\$ -	\$ -	\$ 39,410,000
The Refunded Bonds	(3,374,000)	(916,000)				(4,290,000)
The Bonds (<i>This Issue</i>)	3,355,000	915,000	-	-	-	4,270,000
Overlapping and Underlying Debt (2)	-	-	51,128,277	-	-	51,128,277
Authorized but Unissued Debt	-	1,575,000	-	-	-	1,575,000
Total Indebtedness	26,070,000	14,895,000	51,128,277	-	-	92,093,277
Less:						
School grants receivable (3)	-	(54,375)	-	-	-	(54,375)
Total Net Indebtedness	26,070,000	14,840,625	51,128,277	-	-	92,038,902
Excess of Limit Over Outstanding and Authorized Debt	\$ 158,939,207	\$ 355,177,788	\$ 257,220,401	\$ 267,235,521	\$ 246,678,942	\$ 483,545,296

(1) Under Connecticut General Statutes, Town debt cannot exceed \$575,584,198 or seven times the debt limit base.

(2) Overlapping and underlying debt as of December 31, 2013. (See "Overlapping and Underlying Indebtedness" herein).

(3) The Town anticipates receiving State of Connecticut principal subsidy grants in the amount of \$54,375 over the remaining life of outstanding school bonds approved prior to July 1, 1996. This will be the last grant payment the Town will receive from the State under this program. After fiscal year 2014-15, these funds will no longer be available to the Town. (See "School Projects" herein).

Calculation of Net Direct Indebtedness

As of June 26, 2014 (Pro Forma)

Long-Term Indebtedness (1)	
The Bonds (<i>This Issue</i>)	\$ 4,270,000
The Refunded Bonds	(4,290,000)
General Purpose	26,089,000
Schools	13,321,000
Total Long-Term Indebtedness	<u>39,390,000</u>
Short-Term Indebtedness	
Notes Payable	-
Total Direct Indebtedness	<u>39,390,000</u>
Exclusions:	
(School building grants receivable) (2)	<u>(54,375)</u>
Total Net Direct Indebtedness	39,335,625
Underlying Indebtedness	-
Net Overlapping Indebtedness (3)	<u>51,128,277</u>
Total Underlying and Net Overlapping Indebtedness	<u>51,128,277</u>
Total Net Direct and Net Overlapping Indebtedness	<u>\$ 90,463,902</u>

- (1) Does not include authorized but unissued debt of \$1,575,000. See "Authorized but Unissued Debt" herein for a complete list of all projects currently authorized by the Town.
- (2) Includes \$54,375 for principal subsidy school building construction grants receivable to be received over the life of outstanding bonds for projects approved prior to July 1, 1996. This will be the last grant payment the Town will receive from the State under this program. After fiscal year 2014-15, these funds will no longer be available to the Town. (See "School Projects" herein).
- (3) Overlapping and underlying debt as of December 31, 2013. (See "Overlapping and Underlying Indebtedness" herein).

Current Debt Ratios

As of June 26, 2014 (Pro Forma)

Total Direct Indebtedness	\$39,390,000
Total Net Direct Indebtedness	\$39,335,625
Total Net Direct and Net Overlapping Indebtedness	\$90,463,902
Population (1)	29,140
Net Taxable Grand List (10/1/13)	\$2,838,103,716
Estimated Full Value	\$4,054,433,880
Equalized Net Taxable Grand List (2011) (2)	\$4,026,157,221
Per Capita Income (2012) (3)	\$35,594
Total Direct Indebtedness:	
Per Capita	\$1,351.75
To Net Taxable Grand List	1.39%
To Estimated Full Value	0.97%
To Equalized Net Taxable Grand List	0.98%
Per Capita to Per Capita Income	3.80%
Total Net Direct Indebtedness:	
Per Capita	\$1,349.88
To Net Taxable Grand List	1.39%
To Estimated Full Value	0.97%
To Equalized Net Taxable Grand List	0.98%
Per Capita to Per Capita Income	3.79%
Total Net Direct and Net Overlapping Indebtedness:	
Per Capita	\$3,104.46
To Net Taxable Grand List	3.19%
To Estimated Full Value	2.23%
To Equalized Net Taxable Grand List	2.25%
Per Capita to Per Capita Income	8.72%

- (1) U.S. Department of Commerce, Bureau of Census July 1, 2012 estimates.
- (2) Office of Policy and Management, State of Connecticut.
- (3) U.S. Department of Commerce, 2008-2012 American Community Survey.

Historical Debt Statement

	2012-13	2011-12	2010-11	2009-10	2008-09
Population (1)	29,140	29,140	29,067	29,044	28,883
Net taxable grand list	\$ 2,907,640,693	\$ 2,811,979,697	\$ 2,734,641,908	\$ 2,653,336,173	\$ 2,590,683,323
Estimated full value	\$ 4,153,772,419	\$ 4,017,113,853	\$ 3,906,631,297	\$ 3,790,480,247	\$ 4,991,682,703
Equalized net taxable grand list (2)	\$ 4,026,157,221	\$ 4,003,835,033	\$ 4,039,645,772	\$ 4,295,760,010	\$ 4,533,063,159
Per capita income (3)	\$ 35,594	\$ 35,594	\$ 35,594	\$ 35,594	\$ 35,594
Short-term debt	\$ 1,670,000	\$ 800,000	\$ 1,010,000	\$ -	\$ 3,535,000
Long-term debt	\$ 39,140,000	\$ 38,470,000	\$ 38,485,000	\$ 38,730,000	\$ 39,265,000
Total Direct Indebtedness	\$ 40,810,000	\$ 39,270,000	\$ 39,495,000	\$ 38,730,000	\$ 42,800,000
Net Direct Indebtedness	\$ 40,700,371	\$ 38,996,366	\$ 38,922,199	\$ 37,818,952	\$ 41,546,696
Net Direct and Net Overlapping Indebtedness	\$ 84,585,946	\$ 71,200,344	\$ 64,459,131	\$ 56,255,933	\$ 53,733,445

(1) U.S. Department of Commerce, Bureau of Census July 1, 2012 estimates.

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

(3) U.S. Department of Commerce, 2008-2012 American Community Survey.

Historical Debt Ratios

	2012-13	2011-12	2010-11	2009-10	2008-09
Total Direct Indebtedness:					
Per capita	\$1,400.48	\$1,347.63	\$1,358.76	\$1,333.49	\$1,481.84
To net taxable grand list	1.40%	1.40%	1.44%	1.46%	1.65%
To estimated full value	0.98%	0.98%	1.01%	1.02%	0.86%
To equalized net taxable grand list	1.01%	0.98%	0.98%	0.90%	0.94%
Debt per capita to per capita income	3.93%	3.79%	3.82%	3.75%	4.16%
Net Direct Indebtedness:					
Per capita	\$1,396.72	\$1,338.24	\$1,339.05	\$1,302.13	\$1,438.45
To net taxable grand list	1.40%	1.39%	1.42%	1.43%	1.60%
To estimated full value	0.98%	0.97%	1.00%	1.00%	0.83%
To equalized net taxable grand list	1.01%	0.97%	0.96%	0.88%	0.92%
Debt per capita to per capita income	3.92%	3.76%	3.76%	3.66%	4.04%
Net Direct and Net Overlapping Indebtedness:					
Per capita	\$2,902.74	\$2,443.39	\$2,217.61	\$1,936.92	\$1,860.38
To net taxable grand list	2.91%	2.53%	2.36%	2.12%	2.07%
To estimated full value	2.04%	1.77%	1.65%	1.48%	1.08%
To equalized net taxable grand list	2.10%	1.78%	1.60%	1.31%	1.19%
Debt per capita to per capita income	8.16%	6.86%	6.23%	5.44%	5.23%

Outstanding Short-Term Indebtedness

The Town has no short-term indebtedness outstanding. (See "Authorized but Unissued Debt" herein).

Overlapping and Underlying Indebtedness

The Metropolitan District:

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

Amount of Outstanding Debt	Less Exclusions (1)	Total Net Overlapping Debt	Applicable % of Net Debt Charged to Town	Town Net Overlapping Debt (2)
\$ 870,925,397	\$ 283,244,056	\$ 587,681,341	8.70%	\$ 51,128,277

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

(2) As of December 31, 2013.

Each year the MDC 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 2014, the CIP continues to focus on implementing a comprehensive asset management program for wastewater, water and combined programs.

The MDC has also initiated a comprehensive Clean Water Project CIP. The Project combines the elimination of Sanitary Sewer Overflows, the design and construction of the Combined Sewer Overflow Long-Term Plan and the treatment and reduction of nitrogen from the water pollution control facilities. The Project has a 2006 estimated cost of \$2.1 billion and a 15 year implementation requirement. \$800 million, which will cover the costs of Phase I of the Project and is expected to last six years, was authorized by the Member Municipalities at a referendum in November 2006. Approval for \$800 million for Phase II was authorized by the Member Municipalities at a referendum on November 6, 2012. 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, 2013 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 1/20th (1/30th 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 1/15th 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 2015-2020 Plan projects a total of \$146,750,604 in projects. 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. Debt service reimbursement was available under the old program for all projects approved prior to July 1, 1996.

Under the old program, the State of Connecticut has reimbursed the Town for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund school projects. The Town anticipates receiving one more grant payment under the old program. After fiscal year 2014-15, there will no longer be grant funds available to the Town under this program.

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	BANs Outstanding	Paydowns/ Grants	Authorized But Unissued
Windsor High School Roof Replacement and Auditorium Repair Project	\$ 2,525,000	-	\$ -	\$ 950,000	\$ 1,575,000
Total	\$ 2,525,000	\$ -	\$ -	\$ 950,000	\$ 1,575,000

Combined Schedule of Long Term Debt through Maturity

As of June 26, 2014 (Pro Forma)

Fiscal Year	Principal Payments (1,2)	Interest Payments	Total Debt Service (1,2)	Refunded Bonds Principal Payments	The Bonds Principal Payments	All Issues Principal (1,3)
2014 (1)	\$ 4,750,000	\$ 1,216,438	\$ 5,966,438	\$ -	\$ -	\$ 4,750,000
2015	4,950,000	1,191,724	6,141,724	-	45,000	4,995,000
2016	5,080,000	1,040,250	6,120,250	-	-	5,080,000
2017	5,040,000	857,250	5,897,250	-	-	5,040,000
2018	4,870,000	685,306	5,555,306	(300,000)	310,000	4,880,000
2019	4,520,000	526,863	5,046,863	(650,000)	670,000	4,540,000
2020	4,515,000	379,325	4,894,325	(750,000)	770,000	4,535,000
2021	2,855,000	265,238	3,120,238	(700,000)	1,415,000	3,570,000
2022	2,440,000	193,693	2,633,693	(350,000)	380,000	2,470,000
2023	2,440,000	129,818	2,569,818	(700,000)	680,000	2,420,000
2024	2,050,000	67,513	2,117,513	(615,000)	-	1,435,000
2025	650,000	16,438	666,438	(225,000)	-	425,000
	<u>\$ 44,160,000</u>	<u>\$ 6,569,856</u>	<u>\$ 50,729,856</u>	<u>\$ (4,290,000)</u>	<u>\$ 4,270,000</u>	<u>\$ 44,140,000</u>

(1) Does not reflect principal payments of \$4,750,000 made as of June 26, 2014.

(2) Includes Refunded Bonds, excludes the Bonds.

(3) Includes the Bonds, excludes Refunded Bonds.

Source: Annual audit financial statements.

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, McGladrey & Pullen, 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, 2013, 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 McGladrey & Pullen, 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 2012 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. Per the Connecticut General Statutes the annual Town meeting may be adjourned to a referendum vote within 14 days of the town meeting date.

<u>On or About</u>	<u>Day of Week</u>	<u>Action</u>
February 3, 2014	Monday	Public Hearing by Town Council to hear budget requests from citizens.
March 27, 2014	Thursday	Estimated receipts and expenditures submitted to Council by Town Manager and Board of Education. (Proposed Budget)
April 7, 2014	Monday	Public Hearing by Council to hear expression of public opinion regarding budget submitted to Council by Town Manager and Board of Education.
May 13, 2014	Tuesday	Annual Town Budget Referendum held; budget adopted.
May 19, 2014	Monday	Regular Town Council Meeting; Council sets tax rate.
June 23, 2014	Monday	Tax bill mailing completed.
June 30, 2014	Monday	End of Fiscal Year.
July 1, 2014	Tuesday	Taxes for 2013-14 fiscal year due and payable; fiscal year 2013-14 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.

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.

Based upon a July 1, 2013 actuarial valuation, the actuarial value of assets and actuarial liabilities for the PERS plan were as follows:

Schedule of Funding Progress

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Percentage Funded Ratio (a) / (b)
2009	\$ 52,671,376	\$ 50,355,944	\$ 2,315,432	104.6
2010	54,245,354	53,427,746	817,608	101.5
2011	56,804,114	55,428,256	1,375,858	102.5
2012	59,251,864	58,623,672	628,192	101.1
2013 (1)	62,034,394	66,628,676	(4,594,282)	93.1

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2011	\$ 1,273,290	\$ 1,273,290	100.0
2012	1,334,389	1,334,389	100.0
2013	1,367,561	1,367,561	100.0
2014 (2,3)	1,311,760	1,311,760	100.0
2015 (1,2,3)	998,378	998,378	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) On July 1, 2013, the employee pension contribution for non-affiliated employees and members of the Teamsters and Public Safety Dispatchers collective bargaining units was increased to 4%. On July 1, 2013, Town of Windsor Board of Education employee contributions were increased from 2.25% to 3.25% for non-affiliated employees and all collective bargaining unit employees with the exception of the para-professionals bargaining unit.
- (3) The actuarial required contribution ("ARC") as provided by the Town's actuary. The Town intends to contribute 100% of the ARC for fiscal years 2014 and 2015, 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 ("MERF"), 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 PERS cost was \$924,751 for the fiscal year ending June 30, 2013. The Town is projecting \$977,670 for its share of the PERS cost for fiscal year ending June 30, 2014, and is proposing \$842,160 for the fiscal year 2015 budget commencing on July 1, 2014.

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 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 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.

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 while working for the Town. The Town currently finances the cost of these benefits on a pay-as-you-go basis, and has not established any fund for the accumulation of assets with which to pay such benefits in future years. The cost for the 2013 fiscal year was \$798,820. The cost for the 2014 fiscal year is estimated to be \$855,760, and proposed at \$757,660 for the 2015 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, 2013. The unfunded accrued liability as calculated by the actuary for the valuation report dated July 1, 2013 is \$80,766,578.

The Town attempts to mitigate employee health care costs when negotiating with collective bargaining units.

Since fiscal year 2012, the allocation rate towards health insurance for members of the Teamsters bargaining unit has increased from 15% to 17% of the full premium cost, and the Town's contribution has decreased from 85% to 83%. For Teamsters bargaining unit retirees hired after July 1, 2008 and before November 1, 2011, the Town will pay 50% of the cost for health insurance premiums for the retiree's spouse at the time of retirement. Prior to this, retirees contributed the same percentage they were paying at the time of retirement. For Teamsters retirees hired after November 1, 2011, the retiree's spouse may choose to continue health coverage at their own expense. Retiree spouses are not eligible for Town of Windsor health benefits if they have other coverage available to them.

Since fiscal year 2013, the allocation rate towards health insurance for members of the Public Safety Dispatchers bargaining unit has increased from 15% to 17% of the full premium cost, and the Town's contribution has decreased from 85% to 83%. Effective July 1, 2013, the allocation rate for non-affiliated employees increased from 16% to 17%, and the Town's allocation decreased from 84% to 83%.

Effective and retroactive to July 1, 2013, the allocation rate towards health insurance for each subscribing member of the Windsor Police Department Employees Association (WPDEA) bargaining unit and his/her eligible dependents will be 17% of the full premium cost, and the Town's allocation will be 83%. Effective July 1, 2014, the allocation rate for each subscribing employee and his/her eligible dependents will be 18% of the full premium cost, and the Town's allocation will be 82%. Effective July 1, 2015, the allocation rate for each subscribing employee and his/her eligible dependents will be 19% of the full premium cost, and the Town's allocation will be 81%.

For members of the WPDEA bargaining unit who select the Lumenos High Deductible Health Care Plan, the allocation rate for each subscribing employee and his/her eligible dependents will be 15% of the full premium cost, and the Town's allocation will be 85%. Effective July 1, 2015, the allocation rate for each subscribing employee and his/her eligible dependents will be 16% of the full premium cost and the Town's allocation will be 84%.

A retired WPDEA bargaining unit employee may elect to continue the Town's insurance plan for the subscribing employee and his or her spouse at the time of retirement, with the retired employee paying the same premium share as active employees at any given time to a maximum of 25%. The hospital and medical insurance plan shall be the plan selected by the retiree from the plans available to current employees at any given time, as it may change from time to time, provided said plans include all those plans available to any current employee. The retiree is not eligible for insurance coverage if other insurance coverage is available or becomes available to the retiree through another employer of the retiree. If the retired employee's spouse has comparable coverage available to him/her through his/her employer or the retiree's employer, the retiree and his/her spouse shall not be eligible for coverage under the Town's insurance coverage.

Based upon the July 1, 2013 actuarial valuation, the actuarial value of assets and actuarial liabilities for the OPEB plan were as follows:

Schedule of Funding Progress

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Percentage Funded Ratio (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	-	80,766,578	(80,766,578)	0.0

(1) The actuarial accrued liability is based on the actuarial valuation dated July 1, 2013 and is subject to change.

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2010	\$ 7,185,000	\$ 2,085,000	29.0
2011	7,118,000	2,067,000	29.0
2012	7,681,000	2,283,000	29.7
2013	7,258,000	2,047,000	28.2
2014 (1)	7,831,000	2,240,000	28.6

(1) As projected for fiscal year 2013-14.

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 Town Treasurer 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.

Risk Management

The Town self-insures its liability for workers' compensation claims to a limit of \$500,000/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. Workers' Compensation Trust, 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 CIGNA Corporation. Funds are transferred into the Insurance Internal Service Fund from other funds and are available to pay the health/medical premium costs.

As of July 1, 2011, the Town transitioned its liability for health benefits to a Self Insurance Reserve Fund to account for claim activity and service fees on a self insured basis. The Town has Individual Stop Loss (ISL) coverage that limits the Town's liability to \$150,000 annually.

As of July 1, 2012, the BOE transitioned its liability for health benefits to a Self Insurance Reserve Fund to account 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.

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 \$15.0 million. 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. For a further description of the Town's Risk Management, see "Appendix A, Note 10 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 which is being 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 12-65b. Currently there are two active abatements and two approved abatements 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 appraisal 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 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 tax 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 taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed 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.

Real Property Tax Levies and Collections

FY Ending 6/30	Net Taxable Grand List (1)	Total Tax Rate (In Mills)	Adjusted Tax Levy	% Annual Levy Collected	Uncollected Taxes	
					End of Each Fiscal Year	As of 6/30/2013
2015 (2)	\$ 2,838,103,716	30.47	\$ 86,535,450	In Process	In Process	In Process
2014 (2)	3,013,897,453	27.33	82,986,856	N/A	N/A	N/A
2013	2,907,640,693	27.95	81,403,784	98.7	\$ 1,062,846	\$ 1,062,846
2012	2,811,979,697	28.03	79,201,381	98.8	979,265	290,888
2011	2,734,641,908	28.38	77,747,083	98.6	1,091,108	41,823
2010	2,653,336,173	28.34	74,984,463	98.6	1,037,133	5,648
2009	2,590,683,323	29.30	76,374,720	98.8	898,815	2,014
2008	2,401,788,440	29.30	70,937,721	98.8	864,604	1,669
2007	2,303,286,906	29.30	68,003,214	98.7	905,941	996
2006	2,284,745,107	28.73	66,125,430	98.8	767,326	877

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

(2) Adopted budget for the fiscal year commencing July 1, 2013. (See "Budgetary Procedures" herein).

Source: Town Officials.

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)
10/01/13	\$ 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
10/01/05	1,850,533,380	332,285,896	181,808,230	2,364,627,506	61,340,600	2,303,286,906
10/01/04	1,820,332,650	341,352,590	169,786,997	2,331,472,237	46,727,130	2,284,745,107

(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 will be 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, 2013:

Name of Taxpayer	Nature of Business	Grand List Amount
Griffin Land & Affiliates	Real Estate Development	\$ 74,516,249
CIGNA	Insurance and Financial Services	67,957,086
ING	Insurance and Financial Services	61,461,774
IBM & Affiliates	Information Technology	53,869,707
Hartford Financial Corp	Insurance and Financial Services	51,750,378
Cellco/Verizon Wireless	Telecommunications	47,757,774
Walgreens	Distribution Center	45,099,172
Northeast Utilities & Affiliates	Electric Utility	34,193,236
Dollar Tree Distribution Inc.	Distribution Center	30,719,313
Ferraina & Affilites	Real Estate Development	26,800,154
Total		\$ 494,124,843 (1)

(1) Represents 17.41% of the net taxable grand list of \$2,838,103,716 dated October 1, 2013.

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 2009-2013, 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

Fiscal Year	General Fund Revenues	Property Tax Revenues	Property Tax as a % of General Fund Revenues
2015 (Adopted Budget) (1)	\$ 103,638,160	\$ 86,535,450	83.50
2014 (Estimated Actuals) (1)	100,902,090	82,687,100	81.95
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
2008	96,039,401	71,336,266	74.28
2007	92,447,469	68,138,291	73.70
2006	87,510,520	66,518,496	76.01

(1) Budgetary figures do not include one-time pass-through state funding for the teachers' retirement system pension liability. The figure was approximately \$5,942,000 in fiscal year 2012-13.

Source: Annual audited financial statements for fiscal years 2006-2013, estimated actuals for fiscal year 2013-14 and the adopted budget for fiscal year 2014-15.

Intergovernmental Revenues

Fiscal Year	General Fund		Aid As a % of General Fund Revenue
	Revenues	Intergovernmental	
2015 (Adopted Budget) (1)	\$ 103,638,160	\$ 15,006,950	14.48
2014 (Estimated Actuals) (1)	100,902,090	15,408,550	15.27
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
2008	96,039,401	19,912,200	20.73
2007	92,447,469	17,014,499	18.40
2006	87,510,520	15,976,226	18.26

(1) Budgetary figures do not include one-time pass-through state funding for the teachers' retirement system pension liability. The figure was approximately \$5,942,000 in fiscal year 2012-13.

Source: Annual audited financial statements for fiscal years 2006-2013, estimated actuals for fiscal year 2013-14 and the adopted budget for fiscal year 2014-15.

Expenditures

Fiscal Year	General			
	Education %	Government %	Public Safety %	Public Works %
2015 (Adopted Budget) (1)	62.39	14.80	9.25	4.95
2014 (Estimated Actuals) (1)	63.19	14.00	9.29	5.00
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
2008	69.92	11.22	9.00	5.97
2007	69.43	11.52	9.01	6.18
2006	69.51	11.38	9.24	5.93

(1) Budgetary figures do not include one-time pass-through state funding for the teachers' retirement system pension liability. The figure was approximately \$5,942,000 in fiscal year 2012-13.

Source: Annual audited financial statements for fiscal years 2006-2013, estimated actuals for fiscal year 2013-14 and the adopted budget for fiscal year 2014-15.

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

	Fiscal Year 2012-13			2013-14 Estimated Actuals	2014-15 Adopted Budget
	Final Budget	Actual Operations	Variance Favorable (Unfavorable)		
REVENUES					
Property taxes	\$ 81,425,210	\$ 82,159,015	\$ 733,805	\$ 82,687,100	\$ 86,535,450
Licenses, permits and fees	483,000	1,298,223	815,223	1,199,150	631,210
Fines, forfeitures and penalties	37,000	48,367	11,367	41,000	39,000
Other agencies	143,500	153,679	10,179	126,100	111,460
Intergovernmental	14,629,230	15,649,623	1,020,393	15,408,550	15,006,950
Revenues from use of assets	493,830	502,163	8,333	498,830	503,830
Charges for services	772,830	1,077,233	304,403	941,360	810,260
TOTAL REVENUES	97,984,600	100,888,303	2,903,703	100,902,090	103,638,160
EXPENDITURES					
Current:					
General government	947,440	924,150	23,290	944,290	949,610
Safety services	8,946,890	8,928,242	18,648	9,316,110	9,674,270
Public works	4,989,440	4,927,838	61,602	5,021,000	5,170,270
Health services	494,880	478,212	16,668	455,920	473,630
Human services	885,980	864,215	21,765	756,510	791,240
Recreation and leisure services	990,470	985,204	5,266	1,362,200	1,387,630
Education	62,319,530	62,226,929	92,601	63,394,900	65,220,700
Town support for education	1,867,700	1,863,626	4,074	4,305,270	4,696,570
Library services	1,529,160	1,517,752	11,408	1,541,200	1,559,100
Development services	1,730,830	1,667,275	63,555	1,758,170	1,793,820
Information services	425,420	424,420	1,000	414,970	428,040
Administrative services	1,960,330	1,902,336	57,994	2,010,200	2,078,410
Community development	74,020	74,020	-	125,230	92,500
General services	5,135,750	5,106,105	29,645	8,916,250	10,222,370
TOTAL EXPENDITURES	92,297,840	91,890,324	407,516	100,322,220	104,538,160
Revenues over expenditures	5,686,760	8,997,979	3,311,219	579,870	(900,000)
Other financing sources (uses)					
Operating transfers in	117,640	105,150	(12,490)	-	-
Operating transfers out	(6,704,400)	(6,704,400)		(1,070,000)	-
Use of fund balance	(162,500)	(162,500)	-	-	900,000
Total other financing sources (uses)	(6,749,260)	(6,761,750)	(12,490)	(1,070,000)	900,000
Net change in budgetary fund balance	\$ (1,062,500)	2,236,229	\$ 3,298,729	\$ (490,130)	\$ -
Budgetary Fund Balance, beginning		16,023,699			
Budgetary Fund Balance, ending		\$ 18,259,928			

Source: Annual audited financial statements for fiscal year 2012-13, estimated actuals for fiscal year 2013-14 and the adopted budget for fiscal year 2014-15.

Comparative Balance Sheets - General Fund

	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013 (1)</u>
ASSETS					
Cash and cash equivalents	\$ 20,390,702	\$ 21,430,689	\$ 28,232,878	\$ 24,864,249	\$ 24,410,473
Receivables:					
Property taxes	1,087,303	1,305,709	1,452,058	1,494,656	1,206,348
Accounts receivable	417,305	766,162	300,707	710,376	809,580
Intergovernmental and other	1,253,304	916,683	572,802	273,634	109,629
Due from other funds	498,874	284,308	289,220	1,583,568	168,395
Prepays	19,731	-	-	-	-
Inventory	35,989	44,044	35,544	48,934	42,682
TOTAL ASSETS	<u>\$ 23,703,208</u>	<u>\$ 24,747,595</u>	<u>\$ 30,883,209</u>	<u>\$ 28,975,417</u>	<u>\$ 26,747,107</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts and accrued liabilities	\$ 2,267,129	\$ 2,485,275	\$ 3,333,527	\$ 3,529,352	\$ 3,078,560
Due to other funds	32,757	51,890	53,326	767,425	1,127,456
Advanced tax collections	3,930,897	4,559,537	7,209,589	4,426,446	-
Deferred revenue	2,203,768	2,092,970	1,917,809	1,648,057	1,277,060
Unearned Revenue	-	-	-	-	352,681
TOTAL LIABILITIES	<u>8,434,551</u>	<u>9,189,672</u>	<u>12,514,251</u>	<u>10,371,280</u>	<u>5,835,757</u>
FUND BALANCES					
Nonspendable	-	-	35,544	48,934	42,679
Assigned	-	-	3,395,259	3,238,973	3,939,957
Unassigned	-	-	14,938,155	15,316,230	16,928,714
Reserved for:					
Encumbrances	522,844	334,036	-	-	-
Inventory	35,989	44,044	-	-	-
Prepays	19,731	-	-	-	-
Loan gurantee	-	-	-	-	-
Unreserved:					
Designated for other purposes	1,149,905	900,000	-	-	-
Unreserved and undesignated	13,540,188	14,279,843	-	-	-
TOTAL FUND BALANCES	<u>15,268,657</u>	<u>15,557,923</u>	<u>18,368,958</u>	<u>18,604,137</u>	<u>20,911,350</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,703,208</u>	<u>\$ 24,747,595</u>	<u>\$ 30,883,209</u>	<u>\$ 28,975,417</u>	<u>\$ 26,747,107</u>

(1) The June 30, 2011, 2012 and 2013 fund balances are reported as per the Governmental Accounting Standards Board ("GASB") Rule 54.

Source: Annual audited financial statements.

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

REVENUES	2009	2010	2011	2012	2013
Property taxes	\$ 76,562,176	\$ 75,182,401	\$ 78,440,338	\$ 79,806,333	\$ 82,159,015
Charges for services	2,105,689	2,327,254	3,764,362	3,361,671	4,531,261
State and Federal governments	21,033,244	19,483,098	19,819,257	21,115,541	21,410,871
Investment income	801,980	215,245	243,289	158,626	132,574
TOTAL REVENUES	100,503,089	97,207,998	102,267,246	104,442,171	108,233,721
EXPENDITURES					
Education	63,321,537	63,097,716	64,675,805	67,390,801	68,251,357
Public safety	8,361,647	8,173,386	9,191,543	9,246,685	9,482,675
Human services	1,210,215	1,223,405	1,339,342	1,293,713	1,409,128
Cultural and recreation	2,448,050	2,423,677	3,562,735	3,714,831	3,748,207
Public works	5,600,080	5,551,103	5,745,378	5,444,107	5,553,231
General government	9,932,944	9,845,335	10,508,186	10,823,683	11,367,560
TOTAL EXPENDITURES	90,874,473	90,314,622	95,022,989	97,913,820	99,812,158
Revenues over expenditures	9,628,616	6,893,376	7,244,257	6,528,351	8,421,563
Net transfers out	(8,230,729)	(6,604,110)	(6,110,730)	(6,293,172)	(6,114,350)
State teachers on-behalf payments	(16,336,000)	-	-	-	-
State teachers on-behalf payments	16,336,000	-	-	-	-
Net change in fund balances	1,397,887	289,266	1,133,527	235,179	2,307,213
Fund Balance - July 1	13,870,770	15,268,657	17,235,431 (1)	18,368,958	18,604,137
Fund Balance - June 30	\$ 15,268,657	\$ 15,557,923	\$ 18,368,958	\$ 18,604,137	\$ 20,911,350

(1) As restated.

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 Moody's Investors Service and Standard & Poor's Corporation 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). For the past 5 years, the Town has not failed to meet any of its 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;
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 / Robert W. Metcalf

BY: ROBERT W. METCALF
Finance Director

Dated: June 11, 2014

APPENDIX A – FINANCIAL STATEMENTS

TOWN OF WINDSOR, CONNECTICUT

TABLE OF CONTENTS

JUNE 30, 2013

	<u>Page</u>
<i>Independent Auditors' Report</i>	1
<i>Management Discussion and Analysis</i>	3
 <u>Basic Financial Statements</u> 	
Statement of Net Position (Deficits)	15
Statement of Activities	16
Balance Sheet – Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position (Deficits) – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Position (Deficits) - Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Statement of Fiduciary Net Position – Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position – Pension Trust Fund	24
Notes to Financial Statements.	25
Required Supplementary Information	57

Appendix A – Financial Statements – is taken from the Annual Financial Report of the Town of Windsor for the Fiscal Year ending June 30, 2013 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.



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 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, 2013, 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 reasonable 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 3-13, the schedules of funding progress and employer contributions and budgetary comparison information on pages 57-61 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 accompanying combining and individual fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying 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 accompanying 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 accompanying 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 our report dated November 27, 2013 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.

McGladrey LLP

New Haven, Connecticut
November 27, 2013

**Town of Windsor, Connecticut
Management's Discussion and Analysis- unaudited
June 30, 2013**

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, 2013. 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

- On a government-wide basis, the assets of the Town of Windsor exceeded its liabilities resulting in total net position at the close of the fiscal year of \$70.8 million. Total net position for Governmental Activities at fiscal year-end was \$76.4 million, which was a decrease of \$1.5 million from FY 12. Total net position (deficits) for Business-Type Activities was (\$5.5 million), which was a decrease to the negative portion of \$452 thousand from FY 12. The net deficit for Business-Type Activities is due to the accrual of closure and post-closure costs for the landfill.
- Government-wide expenses were \$121.1 million, which is a decrease of \$1.2 million from FY 12. Government-wide revenues were \$120.0 million, which is an increase of \$3.1 million from FY 12.
- At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$34.4 million, an increase of \$4.4 million from the prior fiscal year.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$20.9 million, an increase of \$2.3 million from the prior fiscal year. Of the total General Fund fund balance as of June 30, 2013, \$16.9 million represents unassigned fund balance. Unassigned fund balance at year-end represents 16.0% of total FY 13 General Fund expenditures and transfers, and 16.9% of FY 14 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 liabilities, with the difference reported as net position. One can think of the Town's net position - the difference between assets and liabilities - 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, 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 and the Capital Projects Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation as other governmental funds. Non-major governmental funds for the Town of Windsor include the Community Development Block Grant, Cafeteria Fund, Educational Grant Programs, J. Bartash 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 64-65 and in the combining statement of revenues, expenditures and changes in fund balance on pages 66-67.

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 statements 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 59.

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, three 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, 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 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 pension trust fund and three 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 56 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain unaudited required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits and other post employment benefits to its employees. This information can be found on pages 57 and 58 of this report. Also included in the required supplementary information is the budgetary-basis revenue and expenditure financial report and notes. This information can be found on pages 59-61.

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 exceeded liabilities by \$76.4 million on June 30, 2013, which was a decrease of \$1.6 million.

TOWN OF WINDSOR CONNECTICUT SUMMARY STATEMENT OF NET POSITION (DEFICIT) (\$000's) June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 48,818	\$ 48,367	\$ 31,099	\$ 30,698	\$ 79,917	\$ 79,065	1.1%
Capital assets, net of accumulated depreciation	101,634	101,315	191	211	101,825	101,526	0.3%
Total Assets	150,452	149,682	31,290	30,909	181,742	180,591	0.6%
Current liabilities	8,555	16,253	1,625	1,643	10,180	17,896	-43.1%
Long-term liabilities outstanding	65,516	55,488	35,209	35,262	100,725	90,750	11.0%
Total Liabilities	74,071	71,741	36,834	36,905	110,905	108,646	2.1%
Net Position (Deficits):							
Net investment in capital assets	65,895	64,625	191	211	66,086	64,836	1.9%
Restricted	3,417	3,089	-	-	3,417	3,089	10.6%
Unrestricted	7,069	10,227	(5,735)	(6,207)	1,334	4,020	-66.8%
Total Net Position (Deficits)	\$ 76,381	\$ 77,941	\$ (5,544)	\$ (5,996)	\$ 70,837	\$ 71,945	-1.5%

At the end of the current fiscal year, the Town of Windsor is able to report positive balances of \$70.8 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, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues:							
Program Revenues:							
Charges for services	\$ 5,510	\$ 4,623	\$ 3,843	\$ 4,401	\$ 9,353	\$ 9,024	3.6%
Operating grants and contributions	24,552	24,960	-	-	24,552	24,960	-1.6%
Capital grants and contributions	309	396	-	-	309	396	-22.0%
General Revenues:							
Property taxes	81,938	79,945	-	-	81,938	79,945	2.5%
Grants not restricted to specific programs	1,798	1,887	-	-	1,798	1,887	-4.7%
Miscellaneous	-	331	-	-	-	331	-100.0%
Unrestricted investment earnings	169	195	118	120	287	315	-8.9%
Insurance Recoveries	1,736	-	-	-	1,736	-	N/A
Total revenues	116,012	112,337	3,961	4,521	119,973	116,858	2.7%
Expenses:							
General Government	12,509	14,012	-	-	12,509	14,012	-10.7%
Culture & Recreation	4,335	4,275	-	-	4,335	4,275	1.4%
Human Services	1,722	2,430	-	-	1,722	2,430	-29.1%
Public Works	6,990	6,807	-	-	6,990	6,807	2.7%
Education	80,085	79,447	-	-	80,085	79,447	0.8%
Public Safety	11,087	10,604	-	-	11,087	10,604	4.6%
Interest expense	989	1,075	-	-	989	1,075	-8.0%
Landfill	-	-	1,593	1,821	1,593	1,821	-12.5%
Child Development	-	-	1,277	1,303	1,277	1,303	-2.0%
Adult Caring Connection	-	-	494	514	494	514	-3.9%
Total expenses	117,717	118,650	3,364	3,638	121,081	122,288	-1.0%
Excess of revenues over (under) expenses before transfers	(1,705)	(6,313)	597	883	(1,108)	(5,430)	-79.6%
Transfers	145	140	(145)	(140)	-	-	0.0%
Change in net position (deficit)	(1,560)	(6,173)	452	743	(1,108)	(5,430)	-79.6%
Net position (deficits)-beginning	77,941	84,114	(5,996)	(6,739)	71,945	77,375	-7.0%
Net position (deficits)-ending	\$ 76,381	\$ 77,941	\$ (5,544)	\$ (5,996)	\$ 70,837	\$ 71,945	-1.5%

Governmental Activities

Approximately 70.5% of revenues and transfers in were derived from property taxes, followed by 23.0% from operating, capital and unrestricted grants, and 6.5% from other miscellaneous revenue sources.

Major revenue factors included:

- Property tax revenues collected in FY 13 were based on a mill rate of 27.95. This was due primarily to the fourth year of a five year property revaluation phase-in. Other factors contributing were a 1.6% budgetary expenditure increase as compared to the FY 12 adopted budget and a decrease in miscellaneous non-property tax revenues.
- The Town's collection rate on the current adjusted levy, including the interim motor vehicle tax, was 98.69%, which is a decrease from the prior year's rate of 98.76%.
- Revenue from Special Education Excess Costs increased by \$288 thousand over FY 12.
- Grant revenues were received from the Federal Emergency Management Agency (FEMA) in the amount of \$156 thousand. This represented 75% of the town's eligible cost for a February 2013 snow storm.
- Revenue from building permits increased by \$803 thousand over FY 12 due primarily to the Dollar Tree project.

For Governmental Activities in FY 13, approximately 68.1% of the Town's expenses relate to education (vs. 67.0% in FY 12), 9.4% (8.9% in FY 12) relate to public safety, 10.6% (vs. 11.8% in FY 12) to general government, 5.9% (vs. 5.7% in FY 12) relate to public works, 3.7% (3.6% in FY 12) to culture and recreation, 1.5% (vs. 2.0% in FY 12) to human services, and 0.8% (vs. 0.9% in FY 12) 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 employees salaries increased 2.0% and public works/clerical workers collective bargaining group salaries increased 2.0%. Public safety dispatchers' salaries increased 0%. Police increases have not been determined yet as their contract is still being negotiated.
- The BOE implemented a self-insured health program during FY 13 resulting in a savings of approximately \$580,000 by going self-funded. The town side had implemented this same program in FY 12.
- Costs incurred as a result of Storm Alfred are reflected in the Human Services line for FY 12 on the previous page, therefore the 29.1% decrease from FY 12 to FY 13. These costs were reimbursed by the Federal Emergency Management Agency (FEMA) in the amount of \$803 thousand.

Business-Type Activities

- There was a \$452 thousand reduction in the Business-Type Activities deficit. This was due primarily to decreased accrual costs in FY 13 as compared to FY 12 for closure and post-closure costs for the landfill.

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, 2013 the Town of Windsor's governmental funds reported combined ending fund balances of \$34.4 million, an increase of \$4.4 million from \$30.0 million the previous year. Approximately 49.2% of the total fund balance constitutes unassigned 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, 2013, unassigned fund balance of the General Fund was \$16.9 million, while total fund balance was \$20.9 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 17.0% of total General Fund expenditures, not including transfers, of \$99.8 million, while total fund balance represents 21.0% of that same amount.

As stated earlier, the fund balance of the Town of Windsor's General Fund increased by approximately \$2.3 million during the current fiscal year. Key factors in this increase are as follows:

- Property tax receipts were \$734 thousand above budgeted estimates, due to prior year collections and interest mostly as a result of a Delinquent Property Tax Sale held in June 2013.
- Intergovernmental revenues were \$1.0 million above budgeted estimates. Revenues from charges for services were \$304 thousand above budgeted estimates; revenues from licenses and permits were \$815 thousand above budgeted estimates; and total departmental expenditures were \$408 thousand under budget.

The Capital Projects Fund had a total fund balance of \$8.7 million (\$1.1 million in assigned fund balance), which is an increase from a balance of \$7.2 million in the prior year. The increase is due to new borrowing offset by capital expenditures during the year.

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 were approximately \$(6.4) million with unrestricted net position (deficits) of approximately \$(6.5) million compared to \$(6.9) million and \$(7.1) million in the prior year. The Landfill Enterprise Fund had a net gain during the year of approximately \$554 thousand compared with a net gain of \$818 thousand in the prior year.

General Fund Budgetary Highlights

The difference between the original budget and the final budget was for an additional appropriation of \$162,500 from fund balance to purchase real property consisting of a group home located at 15 Parkwood Drive. The Town of Windsor served as a conduit purchaser between the State of Connecticut and the Windsor Independent Living Association (WILA) who was the ultimate purchaser. The General Fund Unassigned Fund Balance was replenished with the proceeds received from the sale of the property to WILA.

Actual revenues on a budgetary basis were approximately \$100.9 million. This amount exceeded budgetary estimates by approximately \$2.9 million. The major revenue variances were:

- General property tax collections in excess of estimates by \$734,000 due to additional amounts received from prior year levies and interest, mostly as a result of a Delinquent Property Tax Sale held in June 2013.
- Building permits exceeded budget by \$806,000 due primarily to the Dollar Tree project.
- Increased revenue from Special Education Excess Costs in the amount of \$500,000 as compared to the FY 13 budget.
- Additional revenue received from the State of Connecticut Office of Policy and Management Municipal Revenue Sharing Program in the amount of \$205,000.
- Grant revenues from the Federal Emergency Management (FEMA) in the amount of \$156,000. This represents 75% of the town's eligible cost for a February 2013 snow storm.
- General operating expenditures were kept under budget in all functional areas by \$408,000. This was primarily due to education savings, staff vacancies, and utility savings.

The net change in budgetary fund balance produced an increase of approximately \$2.2 million to the General Fund budgetary fund balance (see page 59 for more detailed information).

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, 2013, amounted to \$101.8 million (net of accumulated depreciation) compared to \$101.5 million in the prior fiscal year. This increase from the prior year is due to the capital spending and less depreciation of existing assets. 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, 2013

	Governmental Activities	Business- Type Activities	Total
Land	\$ 4,759	\$ -	\$ 4,759
Construction in Progress	3,198	-	3,198
Buildings and improvements	64,177	127	64,304
Infrastructure	20,856	-	20,856
Machinery and equipment	8,644	64	8,708
Total	\$ 101,634	\$ 191	\$ 101,825

Major additions during the year included the following:

Windsor High School Roof Reconstruction and Auditorium Upgrades
Pavement Rehabilitation and Improvements:

- Stone Road
- Day Hill Road
- Harvey Road
- Hillcrest Road

Sidewalk Repairs and Replacements:

- Day Hill Road
- Barber Street
- Broadview Street

Athletic Field & Recreation Court Improvements

Town Clerk Software Replacement

Facilities HVAC, Electricity & Energy Upgrades

Fire Department Rescue Pumper

Public Works Dump Truck

Police and Emergency Management Vehicles

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 \$39.1 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, 2013

	<u>Governmental Activities</u>
General obligation bonds	<u>\$ 39,140,000</u>

The Town of Windsor's total bonded debt increased by \$670 thousand or 1.74% during the current fiscal year compared to a 0.04% decrease in the prior year.

The Town of Windsor general obligation bond ratings are AAA from Standard & Poor's and Aa1 from Moody's Investors Services. The AAA rating from Standard and Poor's was reaffirmed in March of 2013 when the Town issued \$5.0 million of general obligation bonds and a one year bond anticipation note in the amount of \$1.7 million.

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 \$575.6 million, up from \$558.6 million in FY 12. As of June 30, 2013, the Town recorded long-term debt of \$39.1 million related to Governmental Activities, well below its statutory debt limits.

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 2013, the unemployment rate for Windsor was 7.4%. The unemployment rate for the Hartford labor market area was 7.5% and for the State of Connecticut it stood at 7.5%. The overall national average was 7.0% for this same time period.

Although unemployment rates remain relatively high, the economy is showing some signs of relief, and The Town of Windsor is well-positioned to deal with the present economic situation. The Town relies primarily on 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 a significant reliance on property taxes and minimal increases in state aid, the Town has been able to adjust expenditures accordingly and continue to provide high levels of service during the recovery from the economic recession.

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 for many decades 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. Most recently, Amazon.com selected Windsor for a 1.5 million square foot fulfillment center. 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.

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Basic Financial Statements

TOWN OF WINDSOR, CONNECTICUT

STATEMENT OF NET POSITION (DEFICITS)

June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total*
Assets			
Cash and cash equivalents	\$ 26,901,478	\$ 22,857,164	\$ 49,758,642
Investments	11,218,401	7,910,184	19,128,585
Receivables:			
Property taxes, net of allowance for collection losses	1,206,348	-	1,206,348
Accounts receivable	1,173,967	-	1,173,967
Customer receivables	9,963	329,782	339,745
Federal and state governments	109,629	-	109,629
Community rehabilitation loans, net	2,078,591	-	2,078,591
Inventories	52,222	-	52,222
Restricted cash and cash equivalents - capital outlay	6,067,978	-	6,067,978
Prepays	-	1,430	1,430
Capital assets, not being depreciated	7,957,299	-	7,957,299
Capital assets, being depreciated, net of depreciation	93,676,495	191,295	93,867,790
Total assets	150,452,371	31,289,855	181,742,226
Liabilities			
Accounts payable and accruals	5,719,826	110,915	5,830,741
BANS Payable	1,670,000	-	1,670,000
Accrued interest payable	454,227	-	454,227
Unearned revenues	710,581	29,060	739,641
Long-term liabilities:			
Due within one year	4,956,877	1,485,106	6,441,983
Due in more than one year	60,559,455	35,209,015	95,768,470
Total liabilities	74,070,966	36,834,096	110,905,062
Net Position (Deficits)			
Net investment in capital assets	65,895,067	191,295	66,086,362
Restricted			
Community rehabilitation program	2,078,591	-	2,078,591
Public works	811,451	-	811,451
Other	527,582	-	527,582
Unrestricted (deficit)	7,068,714	(5,735,536)	1,333,178
Total net position (deficits)	\$ 76,381,405	\$ (5,544,241)	\$ 70,837,164

The notes to the financial statements are an integral part of this statement.

* After internal receivables and payables have been eliminated.

TOWN OF WINDSOR, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Positions		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (12,509,058)	\$ 2,426,776	\$ 662,643	\$ 58,423	\$ (9,361,216)	\$ -	\$ (9,361,216)
Culture & recreation	(4,334,836)	826,727	64,936	-	(3,443,173)	-	(3,443,173)
Human services	(1,722,063)	149,199	440,029	-	(1,132,835)	-	(1,132,835)
Public works	(6,989,982)	154,782	205,209	250,847	(6,379,144)	-	(6,379,144)
Education	(80,084,866)	1,424,881	23,071,655	-	(55,588,330)	-	(55,588,330)
Public safety	(11,087,007)	528,477	107,447	-	(10,451,083)	-	(10,451,083)
Interest expense	(989,601)	-	-	-	(989,601)	-	(989,601)
Total governmental activities	(117,717,413)	5,510,842	24,551,919	309,270	(87,345,382)	-	(87,345,382)
Business-type activities:							
Landfill	(1,593,477)	2,031,394	-	-	-	437,917	437,917
Child development	(1,276,546)	1,282,770	-	-	-	6,224	6,224
Adult caring connection	(494,153)	529,323	-	-	-	35,170	35,170
Total business-type activities	(3,364,176)	3,843,487	-	-	-	479,311	479,311
Total primary government	\$ (121,081,589)	\$ 9,354,329	\$ 24,551,919	\$ 309,270	(87,345,382)	479,311	(86,866,071)
General revenues:							
Property taxes					81,938,005	-	81,938,005
Grants and contributions not restricted to specific programs					1,797,584	-	1,797,584
Unrestricted investment earnings					169,312	117,829	287,141
Internal transfers					145,150	(145,150)	-
Insurance recoveries					1,735,880	-	1,735,880
Total general revenues and internal transfers					85,785,931	(27,321)	85,758,610
Change in net position					(1,559,451)	451,990	(1,107,461)
Net position (deficits) - beginning					77,940,856	(5,996,231)	71,944,625
Net position (deficits) - ending					\$ 76,381,405	\$ (5,544,241)	\$ 70,837,164

The notes to the financial statements are an integral part of this statement.

TOWN OF WINDSOR, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	Major Funds		Other	Total
	General	Capital Projects	Nonmajor Governmental Funds	Governmental Funds
Assets				
Cash and cash equivalents	\$ 18,134,014	\$ 1,791,109	\$ 2,359,582	\$ 22,284,705
Investments	6,276,459	2,719,796	707,128	9,703,383
Restricted cash and cash equivalents	-	6,067,978	-	6,067,978
Receivables (net of allowances for collection losses):				
Property taxes	1,206,348	-	-	1,206,348
Accounts receivable	809,580	-	364,387	1,173,967
State and Federal governments	109,629	-	-	109,629
Community rehabilitation loans, net	-	-	2,078,591	2,078,591
Due from other funds	168,395	-	24,789	193,184
Inventories	42,682	-	9,540	52,222
Total assets	\$ 26,747,107	\$ 10,578,883	\$ 5,544,017	\$ 42,870,007
Liabilities				
Accounts payable and accrued liabilities	\$ 3,078,560	\$ 395,340	\$ 171,399	\$ 3,645,299
BANS Payable	-	1,520,000	-	1,520,000
Deferred revenues	1,277,060	-	52,693	1,329,753
Unearned revenues	352,681	-	357,900	710,581
Due to other funds	1,127,456	-	168,395	1,295,851
Total liabilities	5,835,757	1,915,340	750,387	8,501,484
Fund balances				
Nonspendable	42,679	-	22,540	65,219
Restricted	-	6,067,978	3,417,624	9,485,602
Committed	-	1,541,757	1,213,565	2,755,322
Assigned	3,939,957	1,053,808	139,901	5,133,666
Unassigned	16,928,714	-	-	16,928,714
Total fund balances	20,911,350	8,663,543	4,793,630	34,368,523
Total liabilities and fund balances	\$ 26,747,107	\$ 10,578,883	\$ 5,544,017	

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 among the assets of the Town as a whole.	101,633,794
Deferred revenues are not available and therefore not recognized in the funds.	1,329,753
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(65,516,332)
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.	5,019,894
Accrued interest payable	(454,227)

Net position of governmental activities

\$ 76,381,405

The notes to the financial statements are an integral part of this statement.

TOWN OF WINDSOR, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013

	Major Funds		Other	Total
	General	Capital Projects	Nonmajor Governmental Funds	Governmental Funds
REVENUES				
Property taxes	\$ 82,159,015	\$ -	\$ -	\$ 82,159,015
State and Federal governments	21,410,871	309,270	5,102,636	26,822,777
Charges for services	4,531,261	-	1,190,713	5,721,974
Investment income	132,574	27,403	9,335	169,312
Other	-	30,514	42,254	72,768
Total revenues	108,233,721	367,187	6,344,938	114,945,846
EXPENDITURES				
Current:				
Education	68,251,357	-	4,866,937	73,118,294
General government	11,367,560	-	599,931	11,967,491
Culture and recreation	3,748,207	-	73,268	3,821,475
Human services	1,409,128	-	137,440	1,546,568
Public safety	9,482,675	-	133,921	9,616,596
Public works	5,553,231	-	218,099	5,771,330
Debt service:				
Principal retirements	-	-	4,365,000	4,365,000
Interest and other charges	-	-	1,361,409	1,361,409
Capital outlay	-	6,085,860	-	6,085,860
Total expenditures	99,812,158	6,085,860	11,756,005	117,654,023
Revenues over (under) expenditures	8,421,563	(5,718,673)	(5,411,067)	(2,708,177)
OTHER FINANCING SOURCES (USES)				
Transfers in	105,150	371,500	5,888,000	6,364,650
Transfers out	(6,219,500)	-	-	(6,219,500)
Issuance of bonds	-	5,035,000	-	5,035,000
Premium on bonds issued	-	-	128,359	128,359
Insurance recoveries	-	1,735,880	-	1,735,880
Total other financing sources (uses)	(6,114,350)	7,142,380	6,016,359	7,044,389
Change in fund balances	2,307,213	1,423,707	605,292	4,336,212
FUND BALANCES, beginning	18,604,137	7,239,836	4,188,338	30,032,311
FUND BALANCES, ending	\$ 20,911,350	\$ 8,663,543	\$ 4,793,630	\$ 34,368,523

The notes to the financial statements are an integral part of this statement.

TOWN OF WINDSOR, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

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

Net change in fund balances – total governmental funds	\$ 4,336,212
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 in the current period.	318,913
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.	(668,914)
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 issuance costs, 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.	(456,838)
Changes in some liabilities that impact 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.	(4,979,203)
The net loss of certain activities of internal service funds is reported with governmental activities.	<u>(109,621)</u>
Change in net position of governmental activities	<u>\$ (1,559,451)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF WINDSOR, CONNECTICUT

STATEMENT OF NET POSITION (DEFICITS) - PROPRIETARY FUNDS

June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Landfill	Other Nonmajor Enterprise Funds	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 22,255,760	\$ 601,404	\$ 22,857,164	\$ 4,616,773
Receivables:				
Customer receivables, net	232,736	97,046	329,782	9,963
Due from other funds	-	-	-	1,102,667
Prepaid expenses	-	1,430	1,430	-
Investments	7,702,057	208,127	7,910,184	1,515,018
Total current assets	30,190,553	908,007	31,098,560	7,244,421
Noncurrent assets:				
Capital assets (net of accumulated depreciation)	161,588	29,707	191,295	-
Total noncurrent assets	161,588	29,707	191,295	-
Total assets	30,352,141	937,714	31,289,855	7,244,421
LIABILITIES				
Current liabilities:				
Accounts payable	85,571	45,988	131,559	106,730
Unearned revenue	8,647	20,413	29,060	-
BANS Payable	-	-	-	150,000
Accrued claims payable	-	-	-	1,367,797
Accrued post closure costs	1,464,462	-	1,464,462	-
Total current liabilities	1,558,680	66,401	1,625,081	1,624,527
Noncurrent liabilities:				
Accrued post closure costs	35,147,083	-	35,147,083	-
Compensated absences	11,318	50,614	61,932	-
Accrued claims payable	-	-	-	600,000
Total noncurrent liabilities	35,158,401	50,614	35,209,015	600,000
Total liabilities	36,717,081	117,015	36,834,096	2,224,527
NET POSITION (DEFICITS)				
Net investment in capital assets	161,588	29,707	191,295	-
Unrestricted net position (deficits)	(6,526,528)	790,992	(5,735,536)	5,019,894
Total net position (deficits)	\$ (6,364,940)	\$ 820,699	\$ (5,544,241)	\$ 5,019,894

The notes to the financial statements are an integral part of this statement.

TOWN OF WINDSOR, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET POSITION (DEFICITS) - PROPRIETARY FUNDS
 For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Landfill	Other Nonmajor Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES				
User charges	\$ 2,031,394	\$ 1,812,093	\$ 3,843,487	\$ 15,817,932
Total operating revenues	<u>2,031,394</u>	<u>1,812,093</u>	<u>3,843,487</u>	<u>15,817,932</u>
OPERATING EXPENSES				
Operations and maintenance	1,572,803	1,763,366	3,336,169	657,813
Claims	-	-	-	15,282,720
Depreciation	20,674	7,333	28,007	-
Total operating expenses	<u>1,593,477</u>	<u>1,770,699</u>	<u>3,364,176</u>	<u>15,940,533</u>
Operating income	437,917	41,394	479,311	(122,601)
NONOPERATING REVENUES				
Interest income	116,056	1,773	117,829	12,980
Income before transfers	553,973	43,167	597,140	(109,621)
Transfers out	-	(145,150)	(145,150)	-
Change in net position (deficit)	553,973	(101,983)	451,990	(109,621)
NET POSITION (DEFICITS), beginning	<u>(6,918,913)</u>	<u>922,682</u>	<u>(5,996,231)</u>	<u>5,129,515</u>
NET POSITION (DEFICITS), ending	<u>\$ (6,364,940)</u>	<u>\$ 820,699</u>	<u>\$ (5,544,241)</u>	<u>\$ 5,019,894</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF WINDSOR, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	Other Nonmajor		Total	Internal Service Fund
	Landfill	Enterprise Funds		
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 2,009,435	\$ 1,813,372	\$ 3,822,807	\$ 15,876,727
Payments to suppliers	(1,039,649)	(421,642)	(1,461,291)	(15,749,944)
Payments to employees	(597,872)	(1,359,511)	(1,957,383)	-
Net cash provided by operating activities	371,914	32,219	404,133	126,783
Cash Flows From Noncapital Financing Activities				
Proceeds from / (payment of) bond anticipation notes (net)	-	-	-	(650,000)
Payments to other funds	-	(30,000)	(30,000)	(335,242)
Transfers out	-	(145,150)	(145,150)	-
Net cash used in noncapital financing activities	-	(175,150)	(175,150)	(985,242)
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(8,355)	-	(8,355)	-
Net cash used in capital and related financing activities	(8,355)	-	(8,355)	-
Cash Flows From Investing Activities				
Interest received	116,056	1,773	117,829	12,980
Sale of investments	61,641	42,256	103,897	283,799
Net cash provided by investing activities	177,697	44,029	221,726	296,779
Net increase (decrease) in cash and cash equivalents	541,256	(98,902)	442,354	(561,680)
Cash and Cash Equivalents				
Beginning	21,714,504	700,306	22,414,810	5,178,453
Ending	<u>\$ 22,255,760</u>	<u>\$ 601,404</u>	<u>\$ 22,857,164</u>	<u>\$ 4,616,773</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 437,917	\$ 41,394	\$ 479,311	\$ (122,601)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	20,674	7,333	28,007	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(24,494)	(9,692)	(34,186)	58,795
Decrease in prepaid expenses	-	2,488	2,488	-
Increase (decrease) in accounts payable	(5,369)	(17,786)	(23,155)	42,924
Increase (decrease) in unearned revenue	2,535	8,482	11,017	-
Decrease (increase) in accrued liabilities	(59,349)	-	(59,349)	147,665
Net cash provided by operating activities	\$ 371,914	\$ 32,219	\$ 404,133	\$ 126,783

The notes to the financial statements are an integral part of this statement.

TOWN OF WINDSOR, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2013

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 1,229,397	\$ 657,676
Investments		
Common and preferred stock	12,967,111	-
Debt securities	15,957,085	-
Equity mutual funds	23,900,079	-
Corporate debt	2,003,266	-
Other fixed Income	249,863	-
Total investments	55,077,404	-
Contributions receivable	902,642	
Other receivables	144,935	-
Total assets	57,354,378	657,676
LIABILITIES		
Accounts payable	-	657,676
Plan Net Position Held in Trust for Pension Benefits	\$ 57,354,378	\$ -

The notes to the financial statements are an integral part of this statement.

TOWN OF WINDSOR, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUND
 For the Year Ended June 30, 2013

	Pension Trust Fund
Additions	
Contributions	
Employer	\$ 1,367,561
Plan members	444,188
Total contributions	<u>1,811,749</u>
Investment Income	
Net appreciation in fair value of investments	6,626,290
Interest and dividends	934,697
	<u>7,560,987</u>
Less investment expenses:	
Investment management fees	253,958
Total investment income	<u>7,307,029</u>
Deductions	
Benefits	<u>2,995,057</u>
Change in Plan net position	6,123,721
Plan net position held in trust for pension benefits	
Beginning of year	<u>51,230,657</u>
End of year	<u>\$ 57,354,378</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies

Reporting entity

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.

The Town adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in the current year. The adoption of this Statement changed the presentation of the basic financial statements to a statement of net position format.

The Town also adopted GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that are included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. GASB 62 does not have any impact on the Town's financial statements.

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.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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. 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 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.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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.

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 pension benefit plan which accumulates resources for pension benefit payments to qualified employees upon retirement.

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

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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 is 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.

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.

Inventories

Inventories are stated at cost, determined on the first-in, first-out basis.

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, Continued June 30, 2013

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>Assets</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.

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.

Sick leave and 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 discounts, as well as issuance costs, 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 and deferred gains/losses on refundings. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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. Enterprise funds account 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.

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.

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 pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

Funding Policy

The Town funds the contributions to its pension plans based on the actuarial required contribution.

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, is 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.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

Net Position

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

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt net of unspent bond proceeds that are attributable to the acquisition, construction or improvement of these assets reduce this category.

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, Continued
June 30, 2013

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	\$ 39,140,000
Compensated absences	827,509
Deferred amounts, net	(296,807)
OPEB	24,752,118
Deferred premiums, net of amortization	<u>1,093,512</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net positions – governmental activities	<u>\$ 65,516,332</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	\$ 6,605,832
Depreciation expense	<u>(6,286,919)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 318,913</u>

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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	\$ 5,035,000
Deferred amounts	115,706
Principal repayments:	
General obligation debt	(4,365,000)
Amortization of premiums :	
Bond premium	<u>(328,868)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 456,838</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	\$ 40,279
OPEB obligation	4,969,211
Accrued interest	<u>(30,287)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,979,203</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.

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

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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 funds providing an asset allocation average, over a full market cycle, of approximately 70% equities (or equivalents) and 30% fixed income and cash (or equivalents). For purposes of this document, a full market cycle is defined by the Board to be no less than three years, or more than seven years. However, within a market cycle, investment allocation should not exceed the following:

- a. No more than twenty-five percent (25%) of the portfolio, at fair value, is to be invested in any one of eleven (11) major industrial groups as defined by SEI's Funds Evaluation service (see appendix A for SEI/S&P industry sectors). No more than ten percent (10%) of the market value of the total portfolio shall be held in equity securities of any one corporation. The investment manager shall have full discretion as to the selection of individual equity issues. The Committee reserves the right to impose restrictions if the occasion arises (i.e. social investing criteria).
- b. Fixed income investments should be made only in obligations of the U.S. Government, Agencies of the U.S. Government and U.S. Corporations whose debt obligations are minimally rated Baa by Moody's or BBB by Standard and Poors'. The fixed income portfolio should be diversified between issuers within each sector with no one issuer comprising more than 15% of the aggregate fixed income portfolio. This does not apply to issues of the U.S. Treasury or other Federal Agencies. The investment manager shall have full discretion as to the selection of the individual fixed income issues. The Committee reserves the right to impose restrictions if the occasion arises (i.e. social investing criteria).
- c. Cash reserves should be invested only in the highest quality issues, i.e., U.S. Treasury Bills, U.S. Government and Government Agency Obligations, certificates of deposit, bankers acceptances and repurchase agreements with major U.S. money center banks, denominated in dollars, commercial paper rated A-1 by Standard and Poors' and P-1 by Moody's.
- d. Consistent with the desire for adequate diversification, the investment policy is based on the assumption that the volatility of the portfolio will be similar to that of the market. Consequently, it is expected that the volatility of the total portfolio, in aggregate, will be reasonably close to the volatility of a commitment-weighted composite of market indices.
- e. There is no requirement for the investment manager to maintain liquid reserves for the payment of pension benefits. This will be evaluated on an annual basis by the Committee.

Interest rate risk: The Town's policy, which includes the Pension 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.

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.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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, 2013, approximately \$70,256,000 of the Town's bank balance of approximately \$80,077,000 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, 2013:

Cash, Restricted Cash and Equivalents

Deposits with financial institutions	\$ 70,504,042
State Short-Term Investment Fund	270,258
Total cash, restricted cash and equivalents	<u>70,774,300</u>
Less: Certificates of deposits classified as investments	<u>(19,128,585)</u>
	<u>51,645,715</u>

Pension Trust Funds:

U.S. Government Securities	1,827,787	*
U.S. Government Agencies	9,005,418	*
Corporate Debt	2,003,266	*
Common and Preferred Stocks	12,967,111	*
Equity Mutual Funds	23,900,079	
Foreign Bonds	249,863	*
Municipal Bonds	5,123,880	*
Total pension investments	<u>55,077,404</u>	

Total cash, cash equivalents and investments	<u><u>\$ 125,851,704</u></u>
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* These investments are uninsured and unregistered, with securities held by the counterparty, in the Town's or Pension Trust's name.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

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

Statement of Net Position

Cash and cash equivalents	\$ 49,758,642
Restricted cash	6,067,978
Investments	19,128,585
	<u>74,955,205</u>

Fiduciary Funds:

Cash and cash equivalents	1,887,073
Investments	55,077,404
	<u>56,964,477</u>

Total cash, cash equivalents and investments \$ 131,919,682

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
U.S. Government Securities	\$ 1,827,787	\$ 556,900	\$ 1,270,887	\$ -
U.S. Government Agencies	9,005,418	1,006,000	4,365,913	3,633,505
Corporate Debt	2,003,266	1,425,052	578,214	-
Municipal Bonds	5,123,880	-	5,123,880	-
Pooled Fixed Income	270,258	270,258	-	-
Foreign Bonds	249,863	-	249,863	-
Total	<u>\$ 18,480,472</u>	<u>\$ 3,258,210</u>	<u>\$ 11,588,757</u>	<u>\$ 3,633,505</u>

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

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.

Average Rating	Pooled Fixed Income	Foreign Bonds	U.S. Government Agencies	Corporate Debt	Municipal Bonds
AAA	\$ -	\$ -	\$ -	\$ -	\$ -
AAAm	270,258	-	-	-	-
AA+	-	-	9,005,418	758,369	-
AA	-	-	-	-	1,507,390
AA-	-	-	-	-	2,071,265
A	-	-	-	-	-
A-	-	-	-	578,215	-
BBB+	-	-	-	-	-
BBB	-	-	-	-	-
BBB-	-	-	-	416,032	-
Unrated	-	249,863	-	250,650	1,545,225
Total	\$ 270,258	\$ 249,863	\$ 9,005,418	\$ 2,003,266	\$ 5,123,880

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,774,909	\$ -	\$ 16,014	\$ 4,758,895
Construction in progress	3,191,387	4,836,689	4,829,672	3,198,404
Total capital assets, not being depreciated	7,966,296	4,836,689	4,845,686	7,957,299
Capital assets, being depreciated:				
Buildings and improvements	121,251,882	3,179,045	-	124,430,927
Machinery and equipment	22,981,379	2,683,260	694,432	24,970,207
Infrastructure	93,665,372	752,524	-	94,417,896
Total capital assets being depreciated	237,898,633	6,614,829	694,432	243,819,030
Less accumulated depreciation for:				
Buildings and improvements	56,991,903	3,263,102	-	60,255,005
Machinery and equipment	15,707,342	1,312,815	694,432	16,325,725
Infrastructure	71,850,803	1,711,002	-	73,561,805
Total accumulated depreciation	144,550,048	6,286,919	694,432	150,142,535
Total capital assets, being depreciated, net	93,348,585	327,910	-	93,676,495
Governmental activities capital assets, net	\$ 101,314,881	\$ 5,164,599	\$ 4,845,686	\$ 101,633,794

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 410,406	\$ -	\$ -	\$ 410,406
Machinery and equipment	3,161,234	8,354		3,169,588
Total capital assets, being depreciated	3,571,640	8,354	-	3,579,994
Less accumulated depreciation for:				
Buildings and improvements	277,397	6,012	-	283,409
Machinery and equipment	3,083,295	21,995	-	3,105,290
Total accumulated depreciation	3,360,692	28,007	-	3,388,699
Total business-type capital assets, net	\$ 210,948	\$ (19,653)	\$ -	\$ 191,295

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

Governmental activities:	
Board of Education	\$ 3,652,041
General Government	422,737
Culture and Recreation	476,510
Human Services	129,078
Public Works	738,981
Public Safety	867,572
Total depreciation expense – governmental activities	\$ 6,286,919
Business-type activities:	
Landfill	\$ 20,674
Child Development	1,000
Adult Caring Connection	6,333
Total depreciation expense – business-type activities	\$ 28,007

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

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, 2013 is presented below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 168,395	\$ 1,127,456
Non-Major Governmental Funds	24,789	168,395
Internal Service Fund	1,102,667	-
	<u>\$ 1,295,851</u>	<u>\$ 1,295,851</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, 2013 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 105,150	\$ 6,219,500
Capital Projects	371,500	-
Non-Major Governmental Funds	5,888,000	-
Other Nonmajor Enterprise Funds	-	145,150
	<u>\$ 6,364,650</u>	<u>\$ 6,364,650</u>

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.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Note 6. Unearned Revenue/Deferred Revenue

Governmental funds report deferred revenue 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 deferred revenue reported in the governmental funds and governmental activities were as follows:

	Deferred Revenues	Unearned Revenues
	<hr/>	<hr/>
General Fund		
Property taxes	\$ 1,046,492	\$ -
Advance tax collections	-	352,681
School construction grant receivable	109,629	-
Other receivables	120,939	-
	<hr/>	<hr/>
	1,277,060	352,681
Other Nonmajor Governmental Funds		
Other receivables	52,693	-
Prepaid program fees	-	357,900
	<hr/>	<hr/>
	52,693	357,900
Total	<hr/> <hr/>	<hr/> <hr/>
	\$ 1,329,753	\$ 710,581

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Note 7. Long-Term Liabilities

A summary of changes in outstanding long-term obligations during the year ended June 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 38,470,000	\$ 5,035,000	\$ 4,365,000	\$ 39,140,000	\$ 4,750,000
Unamortized premiums	1,422,380	-	328,868	1,093,512	-
Less deferred amount on refunding	(412,513)	-	(115,706)	(296,807)	-
	<u>39,479,867</u>	<u>5,035,000</u>	<u>4,578,162</u>	<u>39,936,705</u>	<u>4,750,000</u>
Other long-term liabilities:					
Compensated absences	787,230	785,892	745,613	827,509	206,877
Other post-employment benefits	19,782,907	4,969,211	-	24,752,118	-
	<u>20,570,137</u>	<u>5,755,103</u>	<u>745,613</u>	<u>25,579,627</u>	<u>206,877</u>
Governmental activity long-term liabilities	<u>\$ 60,050,004</u>	<u>\$ 10,790,103</u>	<u>\$ 5,323,775</u>	<u>\$ 65,516,332</u>	<u>\$ 4,956,877</u>
Business-type activities:					
Other long-term liabilities:					
Compensated absences	\$ 77,267	\$ 85,645	\$ 80,336	\$ 82,576	\$ 20,644
Landfill post closure costs	36,670,930	-	59,385	36,611,545	1,464,462
Total other long-term liabilities	<u>36,748,197</u>	<u>85,645</u>	<u>139,721</u>	<u>36,694,121</u>	<u>1,485,106</u>
Business-type activity long-term liabilities	<u>\$ 36,748,197</u>	<u>\$ 85,645</u>	<u>\$ 139,721</u>	<u>\$ 36,694,121</u>	<u>\$ 1,485,106</u>

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

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

General obligation bonds

As of June 30, 2013, the outstanding general obligation bonds of the Town were as follows:

Purpose	Maturity Ranges	Issued	Interest Rate	Original Amount	Balance 6/30/2013
GENERAL PURPOSE					
PUBLIC IMPROVEMENTS	\$202,000-\$1,505,000	2008	3.25-5.0	\$ 3,508,000	\$ 702,000
PUBLIC IMPROVEMENTS REFUNDING	\$190,000-\$1,330,000	2009	2.0-4.0	8,806,000	5,480,000
PUBLIC IMPROVEMENTS	\$225,000-\$425,000	2010	3.0-4.0	3,980,000	2,900,000
PUBLIC IMPROVEMENTS REFUNDING	\$130,000-\$1,580,000	2010	3.0-5.0	6,096,000	5,279,000
PUBLIC IMPROVEMENTS	\$232,000-\$350,000	2011	2.5-3.5	3,450,000	2,825,000
PUBLIC IMPROVEMENTS	\$365,000-\$375,000	2012	2.0	4,490,000	4,115,000
PUBLIC IMPROVEMENTS	\$410,000-\$425,000	2013	1.25 - 2.0	4,085,000	4,085,000
TOTAL GENERAL PURPOSE				34,415,000	25,386,000
SCHOOLS					
SCHOOL GEN. OBLIGATION	\$202,000-\$1,505,000	2008	3.25-5.0	235,000	23,000
SCHOOL REFUNDING	\$190,000-\$1,330,000	2009	2.0-4.0	9,819,000	6,025,000
SCHOOL GEN. OBLIGATION	\$225,000-\$425,000	2010	3.0-4.0	700,000	575,000
SCHOOL REFUNDING	\$130,000-\$1,580,000	2010	3.0-5.0	6,209,000	5,141,000
SCHOOL GEN. OBLIGATION	\$232,000-\$350,000	2011	2.5-3.5	1,040,000	1,040,000
SCHOOL GEN. OBLIGATION	\$410,000-\$425,000	2013	1.25 - 2.0	950,000	950,000
TOTAL SCHOOLS				18,953,000	13,754,000
GRAND TOTAL				\$ 53,368,000	\$ 39,140,000

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

The following is a summary as of June 30, 2013, of the future principal and interest requirements for the Town's general obligation bonds:

Fiscal Year Ending	Principal	Interest	Total
2014	\$ 4,750,000	\$ 1,216,438	\$ 5,966,438
2015	4,450,000	1,080,188	5,530,188
2016	4,580,000	934,200	5,514,200
2017	4,540,000	766,200	5,306,200
2018	4,370,000	609,256	4,979,256
2019	4,020,000	465,813	4,485,813
2020	4,015,000	328,275	4,343,275
2021	2,355,000	224,188	2,579,188
2022	1,940,000	162,643	2,102,643
2023	1,940,000	108,768	2,048,768
2024	1,530,000	56,463	1,586,463
2025	650,000	16,438	666,438
Total	<u>\$ 39,140,000</u>	<u>\$ 5,968,866</u>	<u>\$ 45,108,866</u>

School bond reimbursements

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2013 was approximately \$164,000. Additional payments for principal and interest aggregating approximately \$117,000 are expected to be received through the bonds maturity.

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	\$ 185,009,205	\$ 26,101,000	\$ 158,908,205
Unfunded Pension Benefit Obligation	246,678,941	-	246,678,941
Schools	370,018,411	16,889,371	353,129,040
Sewers	308,348,676	-	308,348,676
Urban renewal	267,235,519	-	267,235,519

The total overall statutory debt limit for the Town is equal to seven time annual receipts from taxation, or approximately \$575,584,000

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Bonds authorized but unissued

Total authorized but unissued debt at June 30, 2013 consists of the following:

General purpose	<u>\$ 2,290,000</u>
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Bond anticipation notes

In May 2013, the Town issued \$1,670,000 in bond anticipation notes, which have an interest rate of 1.0% and will mature in May 2014.

Bond anticipation note transactions for the year ended June 30, 2013 were as follows:

Outstanding, July 1, 2012	\$ 800,000
New Borrowings	1,670,000
Repayments	(800,000)
Outstanding, June 30, 2013	<u>\$ 1,670,000</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.

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.

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.

Town of Windsor Retirement Plan - Defined Benefit Pension Plan

All Town employees hired prior to July 1, 2011 (except police officers and certified members of the Board of Education) participate in the PERS, a single-employer, defined benefit pension plan, established and administered by the Town Council and Board of Education (through the Pension Committee) to provide pension, disability, and death benefits to plan members and their beneficiaries. The Town Charter and State statutes provide the authority to establish and amend benefit provisions. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. Stand-alone financial statements are not issued.

Employees are 100 percent vested after the completion of five years of service. The retirement benefit is 1.75% of the average monthly earnings (36 consecutive months) times years of service for normal retirement benefits. Active employees with ten years of credited service who become permanently and totally disabled receive a benefit determined in the same manner as a normal retirement benefit based on

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

credited service and average monthly earnings to the date of the disability. If the disability is a result of the employee's employment with the Town, the ten year requirement is waived.

Prior to 1999-2000, the PERS did not provide for cost of living adjustments to benefits in years subsequent to retirement. Cost of living adjustments were paid to retirees at the discretion of the Town Council and were paid directly by the General Fund. Effective July 1, 2000, such payments are paid from the PERS and the percentage increase is set to match that given to Social Security recipients.

The membership in the PERS at July 1, 2011, the date of the actuarial valuation, is comprised of the following:

Retirees and beneficiaries currently receiving benefits	171
Vested terminated employees	26
Active employees:	
Fully vested	261
Non-vested	87
Total	<u>545</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. Employees are required to contribute 3.25% of their earnings up to the social security wage base plus five percent of the excess, to the PERS. 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 8.60% 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.

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.

On October 17, 2011, the Town Council approved a new three year collective bargaining agreement with Teamsters Local 671 for the period July 1, 2011 to June 30, 2014. As part of this new agreement, all members of the collective bargaining unit hired after November 1, 2011 are required to participate in a 401(a) defined contribution plan.

On October 15, 2012, the Town Council approved a new three year agreement collective bargaining agreement with the United Public Service Employees Union Local 424 (Public Safety Dispatchers Bargaining Unit) for the period July 1, 2011 to June 30, 2014. As part of this new agreement all members of the collective bargaining unit hired on or after November 1, 2012 are required to participate in a 401(a) defined contribution plan.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

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 \$241,000 at June 30, 2013 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.

Annual Pension Cost and Net Pension Obligation

The Town's annual pension cost and net pension asset to the PERS for the year ended June 30, 2013 were as follows:

Annual required contribution	\$ 1,367,561
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>1,367,561</u>
Contributions made	<u>(1,367,561)</u>
Decrease in net pension asset	-
Net pension asset, July 1, 2012	-
Net pension asset, June 30, 2013	<u><u>\$ -</u></u>

TREND INFORMATION

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
6/30/11	\$ 1,273,290	100%	\$ -
6/30/12	\$ 1,334,389	100%	\$ -
6/30/13	\$ 1,367,561	100%	\$ -

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Overfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2011	\$ 56,804,114	\$ 55,428,256	\$ 1,375,858	102.5%	\$ 15,894,915	0.0%

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, Continued June 30, 2013

Actuarial assumptions are as follows:

Valuation date	July 1, 2011
Actuarial cost method	Projected Unit
Amortization method	Level percent (closed)
Remaining amortization period	30 Years (decreasing)
Asset valuation method	10-Year Smoothed Market (closed)
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.0%
Cost of living adjustments	2.25%
Inflation rate	2.75%

Connecticut Municipal Employees' Retirement Fund B

All uniformed police officers of the Town of Windsor participate in the Connecticut Municipal Employees' Retirement Fund B (MERF), 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. MERF 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 by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

Funding Policy – Plan members are required by State statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 15.3% 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 MERF for the years ended June 30, 2013, 2012 and 2011 were \$978,430, \$966,083 and \$857,865, respectively, equal to the required contributions for each year.

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System 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 by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$5,942,000 for the year ended June 30, 2013.

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, 2011. The post-retirement plan does not issue stand-alone financial reports.

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, 2011, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	263
Active plan members	<u>689</u>
Total	<u>952</u>

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (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.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

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 Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 7,038,553	\$ 2,067,000	29.37%	\$ 14,532,920
6/30/12	\$ 7,532,987	\$ 2,283,000	30.31%	\$ 19,782,907
6/30/13	\$ 7,016,211	\$ 2,047,000	29.18%	\$ 24,752,118

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)
July 1, 2011	\$ -	\$ 74,028,000	\$ (74,028,000)	0.0%

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.

OPEB Obligation

Annual required contribution	\$ 7,258,000
Interest on net pension obligation	791,316
Adjustment to annual required contribution	(1,033,105)
Annual OPEB cost	7,016,211
Contributions made	2,047,000
Increase in net OPEB liability	4,969,211
Net OPEB obligation, beginning of year	19,782,907
Net OPEB obligation, end of year	<u>\$ 24,752,118</u>

Actuarial assumptions are as follows:

Valuation Date:	July 1, 2011
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	N/A
Amortization Method:	Level Percent (closed)
Remaining Amortization Period:	30 Years (decreasing), 20 years (decreasing) (non-police)
Valuation Type:	Closed Group
Actuarial Assumptions:	
Discount rate	4.00%
Inflation rate	4.70%
Salary increase rate	3.00%

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

Health cost trend rates

Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:

Initial inflation rate:	5.9%
Ultimate inflation rate:	4.7%
Years until ultimate inflation rate	80 years

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.

Note 10. Risk Management

The Town self-insures its liability for workers' compensation claims to a limit of \$500,000/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. Workers' Compensation Trust, 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 CIGNA Corporation. Funds are transferred into the Insurance Internal Service Fund from other funds and are available to pay the health/medical premium costs.

As of July 1, 2011, the Town transitioned its liability for health benefits to a Self Insurance Reserve Fund to account for claim activity and service fees on a self insured basis. 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 (\$2,999,363). 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. L&R Benefits, 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.

As of July 1, 2012, the BOE transitioned its liability for health benefits to a Self Insurance Reserve Fund to account 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 (\$7,911,518). Claims exceeding the BOE's maximum liability

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

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.

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

<u>Workers' Compensation / Heart and Hypertension / Liability</u>	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,
2011-12	\$ 1,697,784	\$ 1,640,700	\$ 2,115,875	\$ 1,222,609
2012-13	1,222,609	2,648,127	2,491,462	1,379,274

<u>Town - Health / Medical</u>	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,
2011-12	\$ -	\$ 3,845,890	\$ 3,652,867	\$ 193,023
2012-13	193,023	3,543,456	3,582,256	154,223

<u>BOE - Health / Medical</u>	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,
2011-12	\$ -	\$ 2,423,815	\$ 2,349,390	\$ 74,425
2012-13	74,425	10,089,831	9,720,956	443,300

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 \$15.0 million. 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 \$49,000,000 or 8.70% of the debt of the District.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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. Based on projected annual disposal rates and daily cover, the area has approximately 1 year of remaining life.

Although closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the Landfill Enterprise Fund reports a portion of these closure and post-closure costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date. The \$36,611,545 reported as landfill closure and post-closure care liability at June 30, 2013, is \$59,385 less than the liability reported on June 30, 2012. Due to revised engineer estimates (regarding settling of the landfill and a more efficient redesign of the final shape of the landfill), the proportion of the landfill used is now estimated at 99%. This decrease or adjustment in estimated closure costs accrued to date directly increases the operating income for the Landfill Enterprise Fund in fiscal year 2013. The landfill will recognize the remaining estimated cost of closure and post-closure care of \$548,455 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care at 2013 prices with a third party performing all closure work. Actual costs may also change based on inflation, compliance with the standing consent order, changes in technology, changes in the regulations, or if some of the work is performed by staff. The engineering analysis assumes that numerous engineering and construction procedures will be required.

The landfill serves 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 a consent order 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, 2013:

Landfill Fund	<u>\$ 6,364,940</u>
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TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

The 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.

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 Fund	Capital Projects	Nonmajor Governmental Funds
Fund balances:			
Nonspendable:			
Inventory	\$ 42,679	\$ -	\$ 9,540
Permanent Fund Principal	-	-	13,000
Total nonspendable	42,679	-	22,540
Restricted:			
Education	-	-	3,244
General government	-	-	58,078
Culture & Recreation	-	-	101,779
Human Services	-	-	187,721
Public safety	-	-	176,760
Public works	-	-	811,451
Community Rehabilitation Program	-	-	2,078,591
Capital Outlay	-	6,067,978	-
Total restricted	-	6,067,978	3,417,624
Committed:			
Capital Outlay	-	1,541,757	370,489
Debt Service	-	-	843,076
Total committed	-	1,541,757	1,213,565
Assigned:			
Education	366,001	-	22,941
General government	253,116	-	-
Culture & Recreation	758,058	-	-
Human Services	55,912	-	-
Public safety	746,817	-	-
Public works	230,053	-	-
Community Rehabilitation Program	-	-	116,960
Capital Outlay	-	1,053,808	-
Future Appropriations	1,530,000	-	-
Total assigned	3,939,957	1,053,808	139,901
Unassigned:	16,928,714	-	-
Total fund balance	\$ 20,911,350	\$ 8,663,543	\$ 4,793,630

Encumbrances are contained in the above table are as follows: \$447,373 in the General Fund Assigned; \$867,540 in the Capital Projects Committed; and \$41,345 in Nonmajor Governmental Funds Restricted.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

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:

- **GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities***, was issued March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.
- **GASB Statement No. 66, *Technical Corrections—2012***, was issued in March 2012. *The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASB Statement No. 67, *Financial Reporting for Pension Plans an Amendment of GASB Statement No. 25*, was issued in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

- **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27***, was issued in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement are effective for fiscal years beginning after June 15, 2014.

TOWN OF WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

- **GASB Statement No. 69, *Government Combinations and Disposals of Government Operations***, was issued in January 2013. This Statement provides guidance for:
 - Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations.
 - Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations.
 - Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based on their acquisition values in a government acquisition.
 - Reporting the disposal of government operations that have been transferred or sold.

The requirements of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis.

- **GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees***. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

**Required Supplementary
Information**

TOWN OF WINDSOR, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION - unaudited
PENSION TRUST FUND
June 30, 2013**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2006	\$ 45,594,279	\$ 41,130,295	\$ 4,463,984	110.9%	\$ 14,776,977	0.0%
July 1, 2007	48,961,596	43,855,272	5,106,324	111.6%	15,265,451	0.0%
July 1, 2008	51,029,433	45,790,887	5,238,546	111.4%	15,671,874	0.0%
July 1, 2009	52,671,376	50,355,944	2,315,432	104.6%	15,875,106	0.0%
July 1, 2010	54,245,354	53,427,746	817,608	101.5%	15,782,256	0.0%
July 1, 2011	56,804,114	55,428,256	1,375,858	102.5%	15,894,915	0.0%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 827,855	100.0%
2009	834,453	100.0%
2010	843,833	100.0%
2011	1,273,290	100.0%
2012	1,334,389	100.0%
2013	1,367,561	100.0%

TOWN OF WINDSOR, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION - unaudited
OTHER POST-EMPLOYMENT BENEFITS
June 30, 2013**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (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%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 6,389,000	29.71%
2010	7,185,000	29.02%
2011	7,118,000	29.04%
2012	7,681,000	29.72%
2013	7,258,000	31.45%

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, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 81,425,210	\$ 81,425,210	\$ 82,159,015	\$ 733,805
Licenses and permits	483,000	483,000	1,298,223	815,223
Fines, forfeitures and penalties	37,000	37,000	48,367	11,367
Other agencies	143,500	143,500	153,679	10,179
Intergovernmental	14,629,230	14,629,230	15,649,623	1,020,393
Revenues from use of assets	493,830	493,830	502,163	8,333
Charges for services	772,830	772,830	1,077,233	304,403
Total revenues	97,984,600	97,984,600	100,888,303	2,903,703
EXPENDITURES				
Current:				
General government	937,440	947,440	924,150	23,290
Safety Service	8,946,890	8,946,890	8,928,242	18,648
Public works	4,989,440	4,989,440	4,927,838	61,602
Health Services	494,880	494,880	478,212	16,668
Human Services	885,980	885,980	864,215	21,765
Recreation and Leisure Services	1,331,770	990,470	985,204	5,266
Education	62,443,130	62,319,530	62,226,929	92,601
Town support for education	3,974,710	1,867,700	1,863,626	4,074
Library services	1,529,160	1,529,160	1,517,752	11,408
Development services	1,730,830	1,730,830	1,667,275	63,555
Information services	425,420	425,420	424,420	1,000
Administrative services	1,970,330	1,960,330	1,902,336	57,994
Community development	74,020	74,020	74,020	-
General services	9,268,240	5,135,750	5,106,105	29,645
Total expenditures	99,002,240	92,297,840	91,890,324	407,516
Revenues over (under) expenditures	(1,017,640)	5,686,760	8,997,979	3,311,219
OTHER FINANCING SOURCES (USES)				
Transfers in	117,640	117,640	105,150	(12,490)
Transfers out	-	(6,704,400)	(6,704,400)	-
Use of Fund Balance	-	(162,500)	(162,500)	-
Total other financing sources (uses)	117,640	(6,749,260)	(6,761,750)	(12,490)
Net change in budgetary fund balance	\$ (900,000)	\$ (1,062,500)	2,236,229	\$ 3,298,729
BUDGETARY FUND BALANCE, beginning			16,265,164	
BUDGETARY FUND BALANCE, ending			\$ 18,501,393	

The notes to the financial statements are an integral part of this statement.

TOWN OF WINDSOR, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

(unaudited)

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 department level, i.e., safety, service, public works, etc.
- D. The original budget for expenditures, encumbrances and other financing uses was increased by approximately \$162,500 as a result of fund balance and revenue appropriations during the year ended June 30, 2013. 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 and Transfers	Expenditures and Transfers
Balance, GAAP basis	\$ 108,338,871	\$ 106,031,658
State Teachers Retirement payments made by State Department of Education on behalf of the Town, not recognized for budgetary purposes	(5,942,000)	(5,942,000)
Reclassified to General Fund, as funds were previously reported as Special Revenue Funds, and no longer meet the definition in accordance with GASB 54.	(1,403,418)	(1,394,121)
Encumbrances:		
June 30, 2012	-	(331,076)
June 30, 2013	-	392,763
Balance, budgetary basis	<u>\$ 100,993,453</u>	<u>\$ 98,757,224</u>

- 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, Continued
June 30, 2013
(unaudited)

Special revenue funds

The Town does not have legally adopted annual budgets for its special revenue funds, including the Debt Service Fund. 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 \$4,270,000 General Obligation Refunding Bonds, Issue of 2014, Series B, dated as of June 26, 2014.

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. No representation is made by the Town regarding the prices at which a substantial amount of the Bonds ultimately will be sold to the public. An owner who purchases a Bond with original issue premium must amortize such original issue premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Owners of Bonds having original issue premium, and especially any owner who is not an original owner of a the 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.

GENERAL.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. For example, on September 13, 2011, S.B. 1549, the "American Jobs Act of 2011" (the "Jobs Act"), was introduced into the United States Senate, which legislation, if enacted as introduced, would have subjected to federal income taxation a portion of the interest on all tax-exempt bonds (including the Bonds) received for taxable years beginning on or after January 1, 2013 by certain individuals with incomes above specified limits. The Jobs Act was not enacted; however, on February 13, 2012, President Obama released his fiscal 2013 Federal budget request, which includes a proposal to cap at 28% the value of tax preferences, including tax-exempt interest for municipal bonds. No assurance can be given that Federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other Federal tax law consequences 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 affecting municipal bonds.

The information above does not purport to deal with all aspects of Federal or State of Connecticut 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 June 26, 2014 by the Town of Windsor, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$4,270,000 General Obligation Refunding Bonds, Issue of 2014 Series B, dated as of June 26, 2014 (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 June 11, 2014 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, 2013) 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 Issuer's fiscal year currently ends on June 30.

(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.

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: _____
Robert W. Metcalf
Finance Director