

Official Statement Dated June 12, 2018

NEW 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 for individuals; however, for tax years beginning before January 1, 2018, interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of and thus may be subject to, the Federal alternative minimum tax for certain corporations; 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

\$6,765,000

GENERAL OBLIGATION BONDS, ISSUE OF 2018 (BANK QUALIFIED) BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: June 15, 2019-2033

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 June 15 and December 15 in each year until maturity, commencing December 15, 2018. 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 subject to optional redemption prior to maturity as described herein. (See "Optional Redemption" herein).

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

MATURITY SCHEDULE AND AMOUNT

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP (1)</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP (1)</u>
2019	\$ 450,000	2.000%	1.420%	9735684H8	2027	\$ 450,000	3.000%	2.500%*	9735684R6
2020	450,000	5.000	1.600	9735684J4	2028	450,000	3.000	2.620*	9735684S4
2021	450,000	5.000	1.730	9735684K1	2029	450,000	3.000	2.750*	9735684T2
2022	450,000	5.000	1.830	9735684L9	2030	450,000	3.000	2.850*	9735684U9
2023	450,000	5.000	1.930	9735684M7	2031	455,000	3.000	2.950*	9735684V7
2024	450,000	2.125	2.125	9735684N5	2032	455,000	3.000	3.000	9735684W5
2025	450,000	2.250	2.250	9735684P0	2033	455,000	3.000	3.050	9735684X3
2026	450,000	2.375	2.400	9735684Q8					

* - Priced assuming redemption on June 15, 2023; however any such redemption is at the election of the Town. (See "Optional Redemption" herein).

ROOSEVELT & CROSS INC. & ASSOCIATES

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. It is expected that delivery of the Bonds in definitive form will be made on or about June 28, 2018.

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

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

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

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

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

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

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

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

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

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INDEPENDENT MUNICIPAL ADVISOR
INDEPENDENT BOND AND
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BOND SALE SUMMARY

The information in this Bond Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, June 12, 2018, at 11:00 A.M. (E.D.T).
Location of Sale:	Office of Day Pitney LLP, Bushnell Conference Room, 242 Trumbull Street, 6 th Floor, Hartford, Connecticut, 06103.
Issuer:	Town of Windsor, Connecticut (the "Town").
Issue:	\$6,765,000 General Obligation Bonds, Issue of 2018 (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	June 15 and December 15 in each year, commencing December 15, 2018.
Principal Due:	Serially, June 15, 2019 – June 15, 2033.
Purpose and Authority:	The Bonds are being issued to finance various Town capital improvement projects undertaken by the Town and authorized pursuant to Titles 7 and 10 of the General Statutes of Connecticut, as amended, the Charter of the Town of Windsor, and bond resolutions approved by the Town Council.
Redemption:	The Bonds are subject to redemption prior to maturity. (See "Optional Redemption" herein).
Security:	The Bonds will be general obligations of the Town of Windsor, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "AAA" by S&P Global Ratings ("S&P"). The rating on the Town's outstanding general obligation bonds has been recently affirmed as "AAA" by S&P. (See "Ratings" herein).
Basis of Award:	Lowest True Interest Cost ("TIC"), as of the dated date.
Tax Exemption:	See Appendix B herein.
Continuing Disclosure Agreement:	See Appendix C herein.
Bank Qualification:	The Bonds SHALL BE designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
The Registrar, and the Certifying, Transfer and Paying Agent:	U.S. Bank National Association, of Hartford, Connecticut.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry form will be made on or about June 28, 2018, against payment in Federal Funds.
Issuer Information:	Questions regarding the Town and this Official Statement should be directed to James R. Bourke, Finance Director, Town of Windsor, Town Hall, 275 Broad Street, Windsor, Connecticut, 06095 - Telephone (860) 285-1936.

SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Windsor, Connecticut (the "Town") in connection with the issuance and sale of \$6,765,000 General Obligation Bonds, Issue of 2018 (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 June 15 in each of the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable on June 15 and December 15 in each year until maturity, commencing December 15, 2018. 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 May and November 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 and the Certifying, Transfer and Paying Agent will be U.S. Bank National Association of Hartford, Connecticut. **The Bonds are subject to redemption prior to maturity. (See "Optional Redemption" herein.)**

Optional Redemption

The Bonds maturing on or before June 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing on June 15, 2024 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after June 15, 2023, at any time, either in whole or in part in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, at the redemption price (expressed as a percentage of the par amount of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
June 15, 2023 and thereafter	100.0%

Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty days prior to the date fixed for redemption to the registered owner of the Bonds designated for redemption in whole or in part, at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if such funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Authorization and Use of Proceeds

Authorizations:

Streetlight Replacements and Upgrades Program: an appropriation and bond authorization in the amount of \$700,000 was adopted by the Town Council on March 5, 2018 for costs in connection with the replacement of deteriorated Town-owned streetlight poles and related improvements.

Stormwater Management Projects: an appropriation and bond authorization in the amount of \$225,000 was adopted by the Town Council on March 5, 2018 for costs in connection with various stormwater management improvements throughout the Town of Windsor, including engineering evaluations, the purchase of stormwater construction materials, major and minor repairs of the stormwater system, watershed analyses, maintenance and repair to Decker's Brook, detention basin improvements, video inspections of drainage systems and activities required for compliance with the Town's MS4 General Permit, and other related improvements.

Windsor High School East Fields Improvements: an appropriation and bond authorization in the amount of \$575,000 was adopted by the Town Council on March 5, 2018 for costs in connection with improvements to the East Fields at Windsor High School, including the relocation of the varsity softball field, regrading of the MS and JV fields, installation of outfield fencing, additional storage for field equipment, relocation of light poles, new ADA-accessible pathways, and related improvements.

Town Hall Interior Renovation Phase III: an appropriation and bond authorization in the amount of \$290,000 was adopted by the Town Council on March 5, 2018 for costs in connection with the interior renovations to the third floor of Town Hall, including the replacement of existing ceiling tiles, painting of existing ceiling grids, installation of new ceiling tiles, removal of wall coverings, skim coating walls, priming and finish painting of walls and metal door frames, removal of existing carpeting and replacement with new carpet tiles, and related improvements.

Welch Pool Filtration System Replacement: an appropriation and bond authorization in the amount of \$75,000 was adopted by the Town Council on March 19, 2018 for costs in connection with the replacement of the filtration system at Welch Pool, including removal of the old filter, installation of a new commercial sand filter with appropriate fittings, valve controls, and other related improvements.

Oliver Ellsworth Elementary School HVAC Improvements: an appropriation and bond authorization in the amount of \$320,000 was adopted by the Town Council on March 19, 2018 for costs in connection with HVAC improvements at Oliver Ellsworth Elementary School, including replacement of the central plant cooling system and selected air handling units, consisting of a water chiller, pumps, piping, digital direct controls and cooling tower, duct cleaning, electrical work, and related improvements.

Fire Alarm and Security Systems at Town Buildings: an appropriation and bond authorization in the amount of \$215,000 was adopted by the Town Council on April 2, 2018 for costs in connection with Fire and Security System Upgrades Project - Phase I, consisting of replacement of and upgrades to fire alarm control panels and security systems panels in various Town buildings, upgrades to addressable type fire system devices and surveillance systems, and related improvements.

John F. Kennedy School HVAC Improvements: an appropriation and bond authorization in the amount of \$2,735,000 was approved at a special town meeting on April 16, 2018 for costs in connection with the John F. Kennedy School HVAC Improvements Project, consisting of improvements to the existing heating, ventilation and cooling systems including replacement of boilers, heating pumps, ventilation fans, unit ventilators and unit heaters; installation of new digital direct controls, roof top units, new air conditioning equipment, electrical system upgrades, and related improvements.

Town Hall Portico Restoration: an ordinance and bond authorization in the amount of \$730,000 was adopted by the Town Council on May 21, 2018 for costs in connection with the Town Hall portico restoration, including the restoration and replacement of the limestone components of the Town Hall portico, including disassembly and reassembly of limestone components, re-mortaring of joints, replacement of the portico bluestone surface, powerwashing and water sealing of all building limestone and brick, and related improvements.

Public Safety Complex Roof and Boiler Replacement: an ordinance and bond authorization in the amount of \$900,000 was adopted by the Town Council on May 21, 2018 for costs in connection with the Public Safety Complex roof and boiler replacement project, including replacement of the existing roof at the Public Safety Complex located at 340 Bloomfield Avenue with 26,000 square feet of new roofing materials, replacement of existing heating, ventilation and cooling systems with new high-efficiency natural gas boilers and pump systems, installation of new digital direct controls and related improvements.

Use of Proceeds: Proceeds of the Bonds will be used as follows:

Projects	Amount of Total Authorization	Additions / (Reductions)	The Bonds (<i>This Issue</i>)
Streetlight Replacement & Upgrades Program	\$ 700,000	\$ 700,000	\$ 700,000
Stormwater Management Projects	225,000	225,000	225,000
Windsor High School East Side Fields Improvements	575,000	575,000	575,000
Town Hall Interior Phase III	290,000	290,000	290,000
Welch Pool Filtration System Replacement	75,000	75,000	75,000
Oliver Ellsworth Elementary School HVAC Improvements	320,000	320,000	320,000
Fire and Security Systems Upgrades at Town Buildings	215,000	215,000	215,000
John F. Kennedy School HVAC Improvements	2,735,000	2,735,000	2,735,000
Town Hall Portico Improvements	730,000	730,000	730,000
Public Safety Complex Roof & Boiler Replacement	900,000	900,000	900,000
Total	<u>\$ 6,765,000</u>	<u>\$ 6,765,000</u>	<u>\$ 6,765,000</u>

Ratings

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

Security and Remedies

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

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

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

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

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

Enforcement of a claim for payment of principal 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 registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

Replacement Bonds

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

DTC Practices

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

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SECTION II - THE ISSUER

Description of the Town

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

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

Planning was established in 1924. Comprehensive zoning regulations, which were first adopted in 1931, are periodically revised to reflect current development standards and practices. The Plan of Conservation and Development was revised and approved by the Town Planning & Zoning Commission in 2015. The Town has approximately 1,100 acres of undeveloped industrially zoned land and has approved a concept plan that will allow for the development of approximately 425 acres of former industrial land to add 4,000 dwelling units in a new mixed-use village called Great Pond. Full development of the remaining residential land, together with Great Pond would result in a population increase of approximately 12,950. The Town's estimated population as of July 1, 2016 according to the United States Census Bureau, 2012-2016 American Community Survey 5-Year Estimates was 29,304.

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

Form of Government

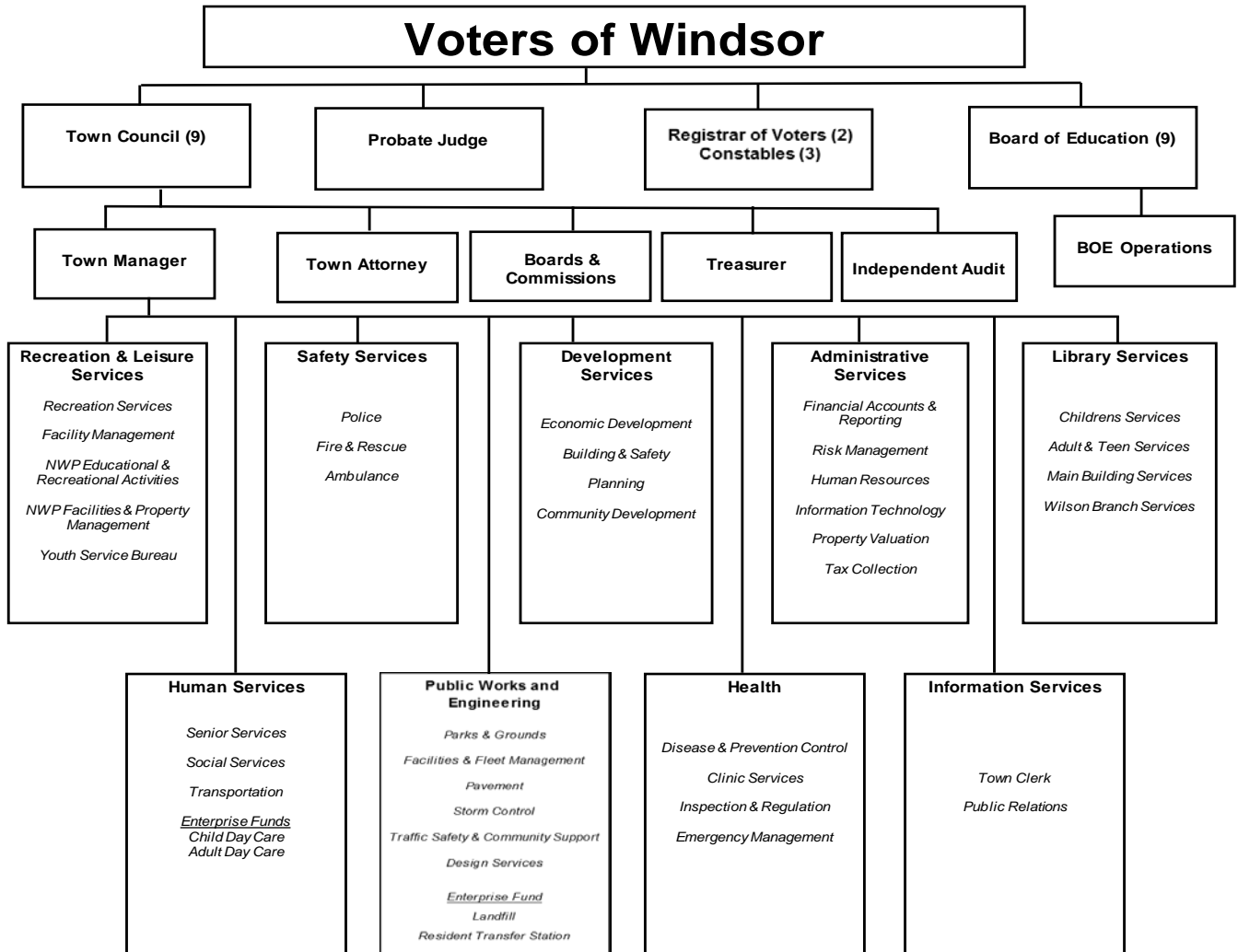
The Town of Windsor is organized under the Council-Manager form of government. The Town Charter was passed in the 1947 session of the General Assembly of Connecticut and approved by a referendum vote of the Town the same year. It has been amended by a special act of the General Assembly and more recently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

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

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Table of Organization



Municipal Officials

Name	Position	Term of Office	Years of Service
Donald S. Trinks	Mayor	2 Years – Elected	23
Jody L. Terranova	Deputy Mayor	2 Years – Elected	7
Donald A. Jepsen Jr.	Town Council	2 Years – Elected	17
Kenny M. Wilkos	Town Council	2 Years – Elected	5
Jim G. Govoni	Town Council	2 Years – Elected	5
Jill Jackson-Jenkins	Town Council	2 Years – Elected	3
Richard T. O'Reilly	Town Council	2 Years – Elected	1
Joesph McAuliffe	Town Council	2 Years – Elected	1
Michael D. Tustin	Town Council	2 Years – Elected	1
Peter P. Souza	Town Manager	Appointed	19
Dr. Craig A. Cooke	Superintendent of Schools	Appointed	9
James R. Bourke	Finance Director	N/A	10
Linda R. Collins	Assistant Finance Director	N/A	11

Biographies of Principal Officials

Town Manager: Appointed as Town Manager in October 2004, Peter P. Souza has served the Town of Windsor since September 1999 initially as the Assistant Town Manager and then as Acting Town Manager. Prior to his arriving in Windsor, Mr. Souza was an Assistant City Manager for the City of Olathe, Kansas, a large fast growing full-service suburban community, where he worked from 1992 until 1999. Mr. Souza also has project management, budgeting, capital planning and community engagement experience through positions with the Town of Barnstable, Massachusetts and non-profit housing development organizations in Worcester, Massachusetts. Mr. Souza earned a Bachelor's degree in Urban Studies from Worcester State College in 1985 and a Master's of Public Administration from the University of Kansas in 1994. He is a member of the International City/County Management Association and the Connecticut Town and City Management Association.

Superintendent of Schools: Dr. Craig A. Cooke began his service as Superintendent of Schools in November 2013. Dr. Cooke holds a Bachelor's degree in Business from Castleton State College in Vermont and a Master's degree in Business Administration from Clarkson University in New York. He received his Sixth Year certificate and Doctorate of Philosophy degree in Educational Leadership from the University of Connecticut. Prior to his appointment as Superintendent, he was the Assistant Superintendent for Human Resources with Windsor Public Schools for five years. Prior to coming to Windsor, Dr. Cooke served as the Director of Human Resources for the Town of Enfield, Connecticut public schools for fourteen years. During his time in Windsor, Dr. Cooke has focused on strengthening the educational system from Pre-kindergarten through grade 12 by aligning curriculum to state standards and utilizing student data to drive instruction. Windsor has succeeded in adding pre-kindergarten opportunities for families and has seen a steady growth in student enrollment in recent years.

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

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

Summary of Municipal Services

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

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

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

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

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

Library Services: From two attractive facilities, Library Services provides information, print and digital materials, educational and cultural programs, public computers, internet access, meeting rooms and an array of innovative technologies and services to the community. Patrons access the library online 24/7 or in person every day and four evenings each week.

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

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

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

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

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

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

Management has proposed that a majority of the closure work be performed by Town staff. Closure work began during FY 2011 with the construction of a stormwater basin along the southern side of the landfill. This work is being carried out primarily by Town staff and performed at a savings to the Landfill Enterprise Fund compared to having the work carried out by a third party. The Town has installed a gas collection system which covers the entire waste footprint of the landfill. Other open issues, such as how leachate will be managed, are still to be determined by the DEEP as part of the landfill closure plan approval. Starting in fiscal year 2015 and going forward, the Town will continue to operate a residential transfer station at the landfill site.

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

Educational System

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

Educational Facilities

Schools	Grades	Date Occupied	Additions/ Renovations	Classrooms	Enrollment 10/01/17	Capacity
Oliver Ellsworth Elementary	Pre-K-2	1971		31	387	660
Poquonock Elementary School	K-2	1947	1958, 1980, 1988	27	300	546
Clover St. Elementary School	3-5	1957	1988	27	290	517
J.F.Kennedy Elementary School	3-5	1965	1988	28	395	546
Sage Park Middle School	6-8	1969	1993	50	701	1,250
Windsor High School	9-12	1952	1977, 2000	86	1,177	1,500
Total					3,250	5,019

Source: Superintendent of Schools

School Enrollments

As of October 1	Actual				Total
	Pre-K-5	6 - 8	9 - 12		
2008	1,648	912	1,406		3,966
2009	1,544	842	1,373		3,759
2010	1,498	814	1,312		3,624
2011	1,473	785	1,227		3,485
2012	1,438	750	1,203		3,391
2013	1,383	725	1,144		3,252
2014	1,353	671	1,121		3,145
2015	1,384	673	1,130		3,187
2016	1,318	688	1,180		3,186
2017	1,372	701	1,177		3,250
	Projected				
2018	1,351	727	1,160		3,238
2019	1,359	696	1,224		3,279
2020	1,322	720	1,211		3,253
2021	1,331	685	1,261		3,277
2022	1,332	685	1,253		3,270

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

Municipal Employment

<u>Fiscal Year</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014 (1)</u>
Board of Education	631	672	645	667	643
General Government	164	164	164	164	163
Grant and Enterprise Funded	53	44	46	48	56
Total	<u>848</u>	<u>880</u>	<u>855</u>	<u>879</u>	<u>862</u>

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

Source: Town Officials.

Municipal Employees by Category

<u>Department</u>	<u>Full-Time Employees</u>
<u>General Government</u>	
Administrative Services	66
Development Services	7
Community Development	5
Human Services	4
Recreation Services	9
Health Services	11
Information Services	2
Library Services	37
Public Works	3
Safety Services	17
Town Manager	3
General Government Subtotal	<u>164</u>
Enterprise Personnel	<u>16</u>
General Government Total	<u>180</u>
<u>Board of Education</u>	
Administration and Principals	23
Teachers	318
Pupil Personnel (Psychologists, Social Workers, Speech Clinicians)	32
Secretaries/ParaProfessionals	120
Nurses	8
Non-Bargaining Employees (1)	45
Custodial/Maintenance	37
Board of Education Subtotal	<u>583</u>
Food Service	48
Grant Funded	37
Board of Education Total	<u>668</u>
Grand Total	<u>848</u>

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

Source: Town Officials.

Municipal Employees Bargaining Organizations (1)

<u>Employees Represented</u>	<u>Union Representation</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
<u>GENERAL GOVERNMENT</u>			
Police	Windsor Police Department Employees Association	56	6/30/19
Public Works/Clerical	International Brotherhood of Teamsters, Local 671	41	6/30/20
Dispatchers	United Public Service Employees Union (UPSUE Local 424, Unit 10)	8	6/30/19
<u>BOARD OF EDUCATION</u>			
Teachers	Windsor Education Association, CEA	372	6/30/19
Administrators	Windsor School Administrators and Supervisors Assoc.	24	6/30/20
Nurses	Windsor School Nurses Assoc., CSEA	8	6/30/19
Paraprofessionals	Windsor Paraprofessional Employees Assoc., NAGE	96	6/30/19
Secretaries	CSEA AFL-CIO Administrative Support Staff	33	6/30/19
School Employees	Windsor School Employees Union, NAGE (Custodial, Maintenance and Cafeteria Employees)	85	6/30/19

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

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

Economic Development

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

With a jobs base of 25,000, Windsor ranks fifth among Hartford area communities in total non-retail employment. Major, private employers include Hartford Life, VOYA, GE Power, Amazon.com, Eversource, CIGNA, Walgreens, Permasteelisa SS&C and Waste Management.

Between 2006 and 2016, Windsor experienced substantial growth. Some six million square feet of new commercial space was constructed during this period, including 110,000 square feet of retail, one million square feet office, 4.6 million square feet industrial/distribution, and 240,000 square feet public and quasi-public space.

Among the most significant projects during this period were:

ING (now VOYA) - a 475,000 square feet office center to house its largest employee base in North America. This \$90 million facility was completed in 2007 and employs approximately 1,800 persons.

Hartford Life - a 450,000 square feet office center to consolidate existing operations and to provide space for planned growth. This \$110 million facility opened in 2008 and employs over 2,000 persons.

Walgreens - an 800,000 square feet high-tech distribution center serving drugstores in an eight-state region. This \$250 million facility was placed in operation in 2009 and employs some 700 persons.

Dollar Tree - a 1,000,000 square feet distribution facility to serve retail stores in the US and Canada. This \$70 million facility was placed in operation in 2013 and employs approximately 400 persons.

Amazon.com - a 1.5 million square feet fulfillment center for the leading online retailer. This \$100 million facility was completed in the second quarter of 2015 and employs 1,600 persons.

SCA Pharmaceuticals - a 90,000 square feet sterile manufacturing facility for preparation of customized pharmaceuticals for hospitals, pharmacies, and healthcare facilities nationwide. This \$20 million facility was placed in operation in late 2017 and will employ more than 360 persons over the next three years.

Between 2006 and 2016, the number of jobs in Windsor increased by 34.7% from 18,715 to 25,214.

The most significant changes came in the professional, scientific and management sectors, the transportation sector and the finance, insurance, and real estate sectors. The professional sector saw increased employment by 220.5% from 1,139 jobs in 2006 to 3,650 jobs in 2016. The transportation sector increased employment by 374.6% from 658 jobs in 2006 to 3,123 jobs in 2016. The finance sector increased employment by 70.8% from 3,136 jobs in 2006 to 5,356 jobs in 2016. This increased these sectors' portions of the local workforce from 6.1%, 3.5% and 16.8% respectively in 2006 to 14.4%, 12.3% and 21.2% in 2016.

Average annual wages in Windsor have increased by 15.6% between 2006 and 2016 from \$60,918 to \$70,463. By comparison, over the same period, annual wages in Connecticut rose from \$54,839 to \$65,869.

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 to support and benefit from commuter rail service expansion. A 130-unit market-rate apartment development was constructed in Windsor Center. This \$23 million investment was completed in May of 2017 and was 90% leased within five months. In June 2018, the CT DOT is to begin enhanced commuter rail service between New Haven and Springfield, MA which will more than double the number of stops in Windsor Center.

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SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

Year	Town of Windsor	Hartford County	State of Connecticut
1980	25,204	807,766	3,107,576
1990	27,817	851,783	3,287,116
2000	28,237	857,183	3,405,565
2010	29,044	894,014	3,574,097
2016	29,304	895,699	3,588,570

Source: U.S. Department of Commerce, Bureau of Census and 2012-2016 American Community Survey.

Age Characteristics of Population

Age	Town of Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5	1,577	5.4	48,332	5.4	188,812	5.3
5 - 9	1,422	4.9	52,570	5.9	210,557	5.9
10 - 14	1,783	6.1	57,403	6.4	228,543	6.4
15 - 19	1,704	5.9	60,291	6.7	252,522	7.0
20 - 24	1,857	6.4	57,775	6.5	242,007	6.7
25 - 34	3,356	11.6	116,432	13.0	438,471	12.2
35 - 44	3,620	12.5	110,604	12.3	439,606	12.3
45 - 54	4,664	16.1	132,503	14.8	545,977	15.2
55 - 59	2,512	8.7	65,225	7.3	263,778	7.4
60 - 64	1,831	6.3	54,433	6.1	223,274	6.2
65 - 74	2,616	9.0	75,201	8.4	303,959	8.5
75 - 84	1,355	4.7	41,385	4.6	163,137	4.5
85 and over	737	2.5	23,545	2.6	87,927	2.5
TOTAL	29,034	100.0	895,699	100.0	3,588,570	100.0

Source: U.S. Department of Commerce, 2012-2016 American Community Survey.

Selected Wealth and Income Indicators

	Median Family Income		Per Capita Income	
	(2000)	(2016)	(2000)	(2016)
Town of Windsor	\$73,064	\$96,544	\$27,633	\$37,228
Hartford County	62,144	86,124	26,047	36,570
Connecticut	65,521	91,274	28,766	39,906
United States	49,600	67,871	21,690	29,829

Source: U.S. Department of Commerce, Bureau of Census, Census 2000 and 2012-2016 American Community Survey.

Income Distribution

	Town of Windsor		Hartford County		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ -0- to 9,999	94	1.2	9,305	4.1	29,623	3.3
10,000 to 14,999	59	0.8	4,971	2.2	17,060	1.9
15,000 to 24,999	229	3.0	11,951	5.3	44,354	5.0
25,000 to 34,999	383	5.0	14,518	6.4	54,456	6.1
35,000 to 49,999	609	7.9	21,142	9.3	81,300	9.1
50,000 to 74,999	1,259	16.3	35,739	15.8	137,336	15.4
75,000 to 99,999	1,440	18.6	32,861	14.5	124,033	13.9
100,000 to 149,999	2,039	26.4	47,000	20.7	186,214	20.8
150,000 to 199,999	979	12.7	23,188	10.2	96,075	10.7
200,000 or more	631	8.2	25,873	11.4	123,962	13.9
TOTAL	7,722	100.0	226,548	100.0	894,413	100.0

Source: U.S. Department of Commerce, 2012-2016 American Community Survey.

Educational Attainment Years of School Completed, Age 25 and Over

	Town of Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	619	3.0	28,038	4.5	103,279	4.2
9th to 12th grade	1,036	5.0	38,455	6.2	139,653	5.7
High School Graduate	5,115	24.7	168,347	27.2	673,220	27.3
Some College	3,657	17.7	107,617	17.4	427,232	17.3
Associate Degree	2,032	9.8	48,549	7.8	184,426	7.5
Bachelor Degree	4,618	22.3	129,822	21.0	524,370	21.3
Graduate or Professional Degree	3,614	17.5	98,500	15.9	413,949	16.8
TOTAL	20,691	100.0	619,328	100.0	2,466,129	100.0
Percent High School Graduate or Higher		92.0%		89.3%		90.1%
Percent Bachelor's Degree or Higher		39.8%		36.9%		38.0%

Source: U.S. Department of Commerce, 2012-2016 American Community Survey.

Employment by Industry

	Town of Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries	5	0.0	883	0.2	7,209	0.4
Construction	728	4.6	20,283	4.8	101,497	5.7
Manufacturing	1,479	9.4	47,687	11.2	190,713	10.6
Wholesale trade	477	3.0	11,882	2.8	45,110	2.5
Retail trade	955	6.1	46,843	11.0	193,853	10.8
Transportation & warehousing & utilities	648	4.1	17,190	4.0	66,516	3.7
Information	305	1.9	10,140	2.4	42,374	2.4
Finance, insurance, real estate	1,888	12.1	50,405	11.9	163,765	9.1
Professional, scientific & management	1,785	11.4	48,518	11.4	206,042	11.5
Educational, health & social services	4,376	27.9	117,673	27.7	474,976	26.5
Arts, entertainment & recreation	1,075	6.9	31,440	7.4	153,754	8.6
Other professional services	840	5.4	19,771	4.7	81,588	4.5
Public Administration	1,104	7.0	1,910	0.4	66,291	3.7
TOTAL	15,665	100.0	424,625	100.0	1,793,688	100.0

Source: U.S. Department of Commerce, 2012-2016 American Community Survey.

Major Employers

Name of Employer	Nature of Entity	Estimated Number of Employees
Hartford Life	Financial Services	2,200
Voya	Insurance and Financial Services	1,720
CIGNA	Insurance (Data center)	1,000
Town of Windsor	General Government and Board of Education	848
GE/Alstom Power	Power plant engineering and customer support	800
Amazon.com	Fulfillment center for online retailer	800
Walgreens	Distribution center for retail drug stores	710
Eversource	Utility	600
Konica Minolta	Business equipment sales and support	550
Waste Management	Waste Disposal and Recycling	500

Source: Town of Windsor Economic Development Staff

Unemployment Rate Statistics

Yearly Average	Town of Windsor %	Hartford Labor Market %	State of Connecticut %	United States %
2008	5.4	5.9	5.7	5.8
2009	7.7	8.1	8.0	9.3
2010	8.5	9.1	9.0	9.6
2011	8.4	8.9	8.8	9.0
2012	8.2	8.4	8.3	8.1
2013	7.7	7.9	6.8	7.4
2014	6.4	6.6	6.6	6.2
2015	5.4	5.6	5.6	5.3
2016	4.9	5.1	5.1	4.9
2017	4.8	4.8	4.7	4.4

2018 Monthly

January	4.8	5.3	5.3	4.5
February	4.9	5.1	5.1	4.4
March	4.4	4.7	4.7	4.1
April	4.1	4.4	4.3	3.7

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

Number and Value of Building Permits

Fiscal Year	Residential (1)		Non-Residential		All Other (1)		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2018 (2)	7	\$ 1,479,950	368	\$ 46,982,785	1,126	\$ 10,265,646	1,501	\$ 58,728,381
2017	15	2,707,875	511	71,233,606	1,515	12,879,814	2,041	86,821,295
2016	20	4,166,550	475	36,469,735	1,787	13,974,349	2,282	54,610,634
2015	21	4,300,477	529	42,200,808	1,466	11,290,593	2,016	57,791,878
2014	20	4,184,575	406	112,575,131	1,455	9,480,348	1,881	126,240,054
2013	9	1,564,150	433	121,965,417	1,287	9,052,796	1,729	132,582,363
2012	8	1,641,325	422	22,128,336	1,473	10,652,096	1,903	34,421,757
2011	6	1,078,050	412	39,345,785	1,261	8,336,940	1,679	48,760,775
2010	95	13,799,191	403	52,647,142	1,325	9,815,096	1,823	76,261,429
2009	19	2,771,448	378	61,878,140	1,210	10,966,397	1,607	75,615,985

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

(2) As of April 1, 2018.

Source: Town of Windsor, Office of Building Inspections.

Number of Dwelling Units

					% Increase	% Increase	% Increase
2016	2010	2000	1990	1980	1980-2016	1990-2016	2000-2016
11,553	11,767	10,900	10,279	8,793	31.39%	12.39%	5.99%

Source: U.S. Department of Commerce, Bureau of Census and 2012-2016 American Community Survey.

Characteristics of Housing Units (Owner-occupied)

	Town of Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	167	1.9	5,991	2.7	24,343	2.7
50,000 to 99,999	288	3.2	7,772	3.5	29,703	3.3
100,000 to 149,999	961	10.8	26,123	11.7	81,158	9.0
150,000 to 199,999	2,297	25.8	43,898	19.7	139,979	15.5
200,000 to 299,999	3,861	43.4	71,475	32.1	246,071	27.3
300,000 to 499,999	1,226	13.8	51,764	23.3	233,345	25.9
500,000 to 999,999	94	1.1	13,940	6.3	104,952	11.7
1,000,000 and over	6	0.1	1,675	0.8	40,672	4.5
TOTAL	8,900	100.0	222,638	100.0	900,223	100.0
Median Values	\$217,500		\$234,900		\$269,300	

Source: U.S. Department of Commerce, 2012-2016 American Community Survey.

Age Distribution of Housing

Year Built	Town of Windsor		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	1,813	15.7	75,128	20.1	334,202	22.4
1940 – 1949	816	7.1	31,312	8.4	105,566	7.1
1950 – 1959	2,147	18.6	65,726	17.5	225,824	15.1
1960 – 1969	1,330	11.5	54,349	14.5	201,812	13.5
1970 – 1979	2,094	18.1	49,910	13.3	200,614	13.4
1980 – 1989	1,800	15.6	47,731	12.7	190,755	12.8
1990 – 1999	765	6.6	25,016	6.7	113,584	7.6
2000 – 2009	760	6.6	22,661	6.0	104,308	7.0
2010 – 2013	28	0.2	2,400	0.6	14,673	1.0
2014 or later	0	0.0	439	0.1	2,460	0.2
TOTAL	11,553	100.0	374,672	100.0	1,493,798	100.0

Source: U.S. Department of Commerce, 2011-2016 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	7,327.57	44.4%	6,349.02	60.0%	978.55	16.5%
Commercial	2,172.64	13.2%	1,275.66	12.1%	896.98	15.1%
Industrial	1,886.46	11.4%	1,561.22	14.8%	325.24	5.5%
Other	5,111.19	31.0%	1,387.71	13.1%	3,723.48	62.9%
Total Area	16,497.86	100.0%	10,573.61	100.0%	5,924.25	100.0%

Source: Assessor's CAMA tax database as of October 2017.

SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of June 28, 2018 (Pro Forma)

Total Receipts for fiscal year ended June 30, 2017 (including interest and lien fees)	\$ 98,791,094
State Reimbursement for Revenue Loss on: Tax Relief for Elderly	-
Base for Establishing Debt Limit	\$ 98,791,094

Debt Limit (1)

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base)	\$ 222,279,962					
(4.50 times base)		\$ 444,559,923				
(3.75 times base)			\$ 370,466,603			
(3.25 times base)				\$ 321,071,056		
(3.00 times base)					\$ 296,373,282	
(7.00 times base)						\$ 691,537,658
Indebtedness (Including the Bonds)						
Bonds Payable	\$ 22,975,000	\$ 9,365,000	\$ -	\$ -	\$ -	\$ 32,340,000
The Bonds (<i>This Issue</i>)	3,135,000	3,630,000	-	-	-	6,765,000
Notes Payable	-	-	-	-	-	-
Overlapping and Underlying Debt (2)	-	-	84,604,431	-	-	84,604,431
Authorized but Unissued Debt	-	-	-	-	-	-
Total Indebtedness	26,110,000	12,995,000	84,604,431	-	-	123,709,431
Less:						
School grants receivable	-	-	-	-	-	-
Total Net Indebtedness	26,110,000	12,995,000	84,604,431	-	-	123,709,431
Excess of Limit Over Outstanding and Authorized Debt	\$ 196,169,962	\$ 431,564,923	\$ 285,862,171	\$ 321,071,056	\$ 296,373,282	\$ 567,828,227

(1) Under Connecticut General Statutes, Town debt cannot exceed \$691,537,658 or seven times the debt limit base.

(2) Overlapping and underlying debt as of March 31, 2018. (See "Overlapping and Underlying Indebtedness" herein).

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Calculation of Net Direct Indebtedness

As of June 28, 2018 (Pro Forma)

Long-Term Indebtedness (1)	
The Bonds (<i>This Issue</i>)	\$ 6,765,000
General Purpose	22,975,000
Schools	<u>9,365,000</u>
Total Long-Term Indebtedness	39,105,000
Short-Term Indebtedness	
Notes Payable	<u>-</u>
Total Direct Indebtedness	39,105,000
Exclusions	<u>-</u>
Total Net Direct Indebtedness	39,105,000
Total Underlying and Net Overlapping Indebtedness (2)	<u>84,604,431</u>
Total Net Direct and Net Overlapping Indebtedness	<u>\$ 123,709,431</u>

- (1) The Town does not have any authorized but unissued debt. See "Authorized but Unissued Debt" herein for a complete list of all projects currently authorized by the Town.
- (2) Overlapping and underlying debt as of March 31, 2018. (See "Overlapping and Underlying Indebtedness" herein).

Current Debt Ratios

As of June 28, 2018 (Pro Forma)

Total Direct Indebtedness	\$ 39,105,000
Total Net Direct Indebtedness	\$ 39,105,000
Total Net Direct and Net Overlapping Indebtedness	\$ 123,709,431
Population (1)	29,034
Net Taxable Grand List (10/1/17)	\$ 2,959,804,528
Estimated Full Value	\$ 4,228,292,183
Equalized Net Taxable Grand List (2015) (2)	\$ 4,440,057,842
Per Capita Income (2016) (1)	\$ 37,228
Total Direct Indebtedness:	
Per Capita	\$1,346.87
To Net Taxable Grand List	1.32%
To Estimated Full Value	0.92%
To Equalized Net Taxable Grand List	0.88%
Per Capita to Per Capita Income	3.62%
Total Net Direct Indebtedness:	
Per Capita	\$1,346.87
To Net Taxable Grand List	1.32%
To Estimated Full Value	0.92%
To Equalized Net Taxable Grand List	0.88%
Per Capita to Per Capita Income	3.62%
Total Net Direct and Net Overlapping Indebtedness:	
Per Capita	\$4,260.85
To Net Taxable Grand List	4.18%
To Estimated Full Value	2.93%
To Equalized Net Taxable Grand List	2.79%
Per Capita to Per Capita Income	11.45%

- (1) U.S. Department of Commerce, 2012-2016 American Community Survey.
- (2) Office of Policy and Management, State of Connecticut.

Historical Debt Statement

	2016-17	2015-16	2014-15	2013-14	2012-13
Population (1)	29,034	29,034	29,034	29,034	29,034
Net taxable grand list	\$ 2,924,298,305	\$ 2,849,933,303	\$ 2,838,103,716	\$ 3,013,897,453	\$ 2,907,640,693
Estimated full value	\$ 4,177,569,007	\$ 4,071,333,290	\$ 4,054,433,880	\$ 4,305,567,790	\$ 4,153,772,419
Equalized net taxable grand list (2)	\$ 4,440,057,842	\$ 4,259,039,357	\$ 4,047,961,669	\$ 4,026,160,993	\$ 4,026,157,221
Per capita income (1)	\$ 37,228	\$ 37,228	\$ 37,228	\$ 37,228	\$ 37,228
Short-term debt	\$ -	\$ 450,000	\$ 420,000	\$ -	\$ 1,670,000
Long-term debt	\$ 38,340,000	\$ 38,520,000	\$ 39,765,000	\$ 39,390,000	\$ 39,140,000
Total Direct Indebtedness	\$ 38,340,000	\$ 38,970,000	\$ 40,185,000	\$ 39,390,000	\$ 40,810,000
Net Direct Indebtedness	\$ 38,340,000	\$ 38,970,000	\$ 40,185,000	\$ 39,335,625	\$ 40,700,371
Net Direct and Net Overlapping Indebtedness	\$ 121,668,020	\$ 118,862,703	\$ 91,995,896	\$ 95,305,326	\$ 84,585,946

(1) U.S. Department of Commerce, 2012-2016 American Community Survey.

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

Historical Debt Ratios

	2016-17	2015-16	2014-15	2013-14	2012-13
Total Direct Indebtedness:					
Per capita	\$1,320.52	\$1,342.22	\$1,384.07	\$1,356.69	\$1,405.59
To net taxable grand list	1.31%	1.37%	1.42%	1.31%	1.40%
To estimated full value	0.92%	0.96%	0.99%	0.91%	0.98%
To equalized net taxable grand list	0.86%	0.91%	0.99%	0.98%	1.01%
Debt per capita to per capita income	3.55%	3.61%	3.72%	3.64%	3.78%
Net Direct Indebtedness:					
Per capita	\$1,320.52	\$1,342.22	\$1,384.07	\$1,354.81	\$1,401.82
To net taxable grand list	1.31%	1.37%	1.42%	1.31%	1.40%
To estimated full value	0.92%	0.96%	0.99%	0.91%	0.98%
To equalized net taxable grand list	0.86%	0.91%	0.99%	0.98%	1.01%
Debt per capita to per capita income	3.55%	3.61%	3.72%	3.64%	3.77%
Net Direct and Net Overlapping Indebtedness:					
Per capita	\$4,190.54	\$4,093.91	\$3,168.56	\$3,282.54	\$2,913.34
To net taxable grand list	4.16%	4.17%	3.24%	3.16%	2.91%
To estimated full value	2.91%	2.92%	2.27%	2.21%	2.04%
To equalized net taxable grand list	2.74%	2.79%	2.27%	2.37%	2.10%
Debt per capita to per capita income	11.26%	11.00%	8.51%	8.82%	7.83%

Outstanding Short-Term Indebtedness

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

Overlapping and Underlying Indebtedness

Metropolitan District Commission:

Windsor is a member of the Metropolitan District Commission ("MDC" or the "District") 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)
\$ 1,461,475,553	\$ 525,585,828	\$ 935,889,725	9.04%	\$ 84,604,431

- (1) Debt for water purposes or supply of electricity. The District has issued \$225.0 million in Clean Water Project Revenue Bonds. The bonds are being repaid from a portion of the Special Sewer Service Surcharge and are not a general obligation of the District.
- (2) As of March 31, 2018.

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 2018, the CIP continues to focus on implementing a comprehensive asset management program for wastewater, water and combined programs.

Clean Water Project

The MDC has undertaken a Clean Water Project will address approximately one billion gallons of combined wastewater and storm water currently released each year to area waterways. The project is in response to an EPA SSO federal consent decree and a Connecticut DEEP CSO consent order to achieve the Federal Clean Water Act goals. The District's goal is to maximize the funding of the entire project with State and Federal grants; the use of State and Federal low-cost loans, and then fund the remainder with open market debt. Project financing is expected to be repaid with a Clean Water Project Charge (previously, the Special Sewer Service Surcharge) to customers' water bills. The Clean Water Project Charge is expected to increase annually up to a maximum, currently estimated at less than \$5.00 per hundred cubic feet of usage by Fiscal Year 2021, and then decline.

Cost Estimates

The total cost of the Clean Water Project was originally estimated to be approximately \$2.1 billion, comprised of three phases, and assumed to be completed in 2021, based on assumptions about, among other things, the design as originally conceived and the pace of design and construction and regulatory review and approval. Phase I features projects to control inflow and infiltration, sewer separation projects, projects to increase interceptors, and upgrades to the two treatment plants; it is nearing completion. Phase II features wet weather capacity improvements at the District's treatment plants and a large storage and conveyance tunnel in the south of the District (the South Tunnel). Phase III is described in the approved Long Term Control Plan as featuring a large storage and conveyance tunnel in the north of the District running down to the South Tunnel (the North Tunnel) which is intended to mitigate overflows into the North Branch of the Park River. The North Tunnel has not yet been designed or definitively located and recent data has caused the District to question its utility.

Generally speaking, appropriations for the cost of the Clean Water Project must be approved by referendum vote of the voters of the Member Municipalities. Effective October 1, 2015, P.A. 15-114 excludes from the referendum requirement appropriations funded by Federal or State grants. An \$800 million appropriation was approved at referendum on November 7, 2006. An appropriation for an additional \$800 million was approved at referendum on November 6, 2012. An appropriation of \$140 million for a grant, not requiring a referendum, was approved by the District Board on October 5, 2016. Completion of Phase III of the Clean Water Project will require submission of one or more further appropriations for approval by voters. The District has made no determination as to when an additional referendum will be held. The District expects Phase I and Phase II will be completed within authorized appropriations, and to be placed in service without regard to the outcome of any additional referendum.

As the Clean Water Project has progressed, the District has revised the original design conception. The District has been able to refine certain design elements to achieve cost savings, has altered some aspects of the original design, and continues to examine the Clean Water Project for efficiencies that can be achieved through value engineering. The Long-Term Control Plan, which sets out the Clean Water Project, was resubmitted in 2012 and revised further in 2015. It incorporates longer underground storage tunnels with greater capacity, and less sewer separation work, than the original conception, and sets forth a completion of Phase II in 2024 and Phase III in 2029. The revised plan was approved in April 2015. The delays occasioned by the redesign and permitting process, in particular with respect to the South Tunnel, now lead the District to expect an increase in projected costs of the Clean Water Project as a whole, but the District has not re-estimated the overall cost, in part because design and siting work for Phase III has not yet been conducted in sufficient detail. For planning purposes the District is currently projecting a total cost of the Clean Water Project of \$2.5 billion.

Connecticut DEEP has confirmed that the District's next submission for an update to the Long Term Control Plan is in 2018. The District intends to comply with such request. Data from recent testing performed by the District indicates there are other sources of pollution affecting the North Branch of the Park River, which is causing the District to revisit the utility of the North Tunnel for its intended purposes and will result in the District proposing changes to its Long Term Control Plan.

The District awarded a contract on June 30, 2016 for the South Tunnel and entered into a funding agreement with the State for the bulk of the funding of the contract through grants and loans from the State's Clean Water Fund.

The District cannot give any assurances as to when the Clean Water Project will be completed or its total cost.

The District has issued to date \$225.0 million in Clean Water Project Revenue Bonds. The revenue bonds are being repaid from a portion of the Clean Water Project Charge (previously the Special Sewer Service Surcharge) and are not general obligations of the District.

Source: MDC

Fire Districts:

Windsor has two underlying special tax districts, Wilson Fire District and Windsor Fire District. As of June 30, 2017 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 an organized and methodical approach to add or replace capital items for each department within the General Government and Board of Education. The proposed 2019-2024 plan includes projects totaling \$168,143,200. 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.

Authorized but Unissued Debt

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

Projects	Amount Authorized	Prior Bonds	Notes Payable	Paydowns/ Grants	The Bonds (This Issue)	Authorized But Unissued
Streetlight Replacement & Upgrades Program	\$ 700,000	\$ -	\$ -	\$ -	\$ 700,000	\$ -
Stormwater Management Projects	225,000	-	-	-	225,000	-
Windsor High School East Side Fields Improvements	575,000	-	-	-	575,000	-
Town Hall Interior Phase III	290,000	-	-	-	290,000	-
Welch Pool Filtration System Replacement	75,000	-	-	-	75,000	-
Oliver Ellsworth Elementary School HVAC Improvements	320,000	-	-	-	320,000	-
Fire and Security Systems Upgrades at Town Buildings	215,000	-	-	-	215,000	-
John F. Kennedy School HVAC Improvements	2,735,000	-	-	-	2,735,000	-
Town Hall Portico Improvements	730,000	-	-	-	730,000	-
Public Safety Complex Roof & Boiler Replacement	900,000	-	-	-	900,000	-
Total	<u>\$ 6,765,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,765,000</u>	<u>\$ -</u>

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Combined Schedule of Long Term Debt through Maturity

As of June 28, 2018 (Pro Forma)

Fiscal Year	Principal Payments (1)	Interest Payments	Total Debt Service (1)	The Bonds Principal Payments	All Issues Principal (1)
2018 (1)	\$ 6,000,000	\$ 927,469	\$ 6,927,469	\$ -	\$ 6,000,000
2019	5,565,000	835,475	6,400,475	450,000	6,015,000
2020	5,570,000	651,225	6,221,225	450,000	6,020,000
2021	4,640,000	495,700	5,135,700	450,000	5,090,000
2022	3,530,000	384,155	3,914,155	450,000	3,980,000
2023	3,485,000	295,855	3,780,855	450,000	3,935,000
2024	2,505,000	227,575	2,732,575	450,000	2,955,000
2025	1,525,000	175,625	1,700,625	450,000	1,975,000
2026	1,100,000	143,569	1,243,569	450,000	1,550,000
2027	1,070,000	118,581	1,188,581	450,000	1,520,000
2028	650,000	93,975	743,975	450,000	1,100,000
2029	300,000	79,500	379,500	450,000	750,000
2030	300,000	72,000	372,000	450,000	750,000
2031	300,000	63,000	363,000	455,000	755,000
2032	300,000	54,000	354,000	455,000	755,000
2033	300,000	45,000	345,000	455,000	755,000
2034	300,000	36,000	336,000	-	300,000
2035	300,000	27,000	327,000	-	300,000
2036	300,000	18,000	318,000	-	300,000
2037	300,000	9,000	309,000	-	300,000
	<u>\$ 38,340,000</u>	<u>\$ 4,752,704</u>	<u>\$ 43,092,704</u>	<u>\$ 6,765,000</u>	<u>\$ 45,105,000</u>

(1) Does not reflect principal payments of \$6,000,000 made as of June 28, 2018.

Source: Annual audit financial statements.

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SECTION V - FINANCIAL DATA

Accounting Policies

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

Basis of Accounting

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

Audit

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

The most recent annual audit covers the fiscal year ended June 30, 2017, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are the Town's Basic Financial Statements, Notes to the Financial Statements and Required Supplemental Information, together with the report of the independent auditor as prepared by RSM US LLP, independent certified public accountants. The information contained in "Appendix A" is not the whole audit report. Individuals wishing a complete document should contact the Finance Director of the Town of Windsor, Connecticut.

Certificate of Achievement for Excellence in Financial Reporting

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

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

Budgetary Procedure

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

<u>On or About</u>	<u>Day of Week</u>	<u>Action</u>
February 5, 2018	Monday	Public Hearing by Town Council to hear budget requests from citizens.
March 27, 2018	Tuesday	Estimated receipts and expenditures submitted to Council by Town Manager and Board of Education. (Proposed Budget)
April 2, 2018	Monday	Public Hearing by Council to hear expression of public opinion regarding budget submitted to Council by Town Manager and Board of Education.
May 8, 2018	Tuesday	Annual Town Budget Referendum held; budget adopted.
May 21, 2018	Monday	Special Town Council Meeting; Council sets tax rate.
June 20, 2018	Wednesday	Tax bill mailing completed.
June 30, 2018	Saturday	End of Fiscal Year.
July 1, 2018	Sunday	Taxes for fiscal year 2019 due and payable; fiscal year 2019 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.

The Town has implemented Government Accounting Standards Board's (GASB) Statement No. 67 effective Fiscal Year 2014. Net position is based on fair market value as of June 30 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to July 1, 2015. The date of the Town's most recent actuarial valuation was July 1, 2017.

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

	2017	2016	2015	2014
Total pension liability	\$ 80,386,167	\$ 76,623,899	\$ 72,603,024	\$ 69,655,000
Plan fiduciary net position	67,388,476	61,248,642	64,485,105	65,167,000
Net pension liability	<u>\$ 12,997,691</u>	<u>\$ 15,375,257</u>	<u>\$ 8,117,919</u>	<u>\$ 4,488,000</u>
Plan fiduciary net position as a % of total pension liability	83.83%	79.93%	88.82%	93.56%

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

	1% Decrease	Current Discount Rate	1% Increase
	6.200%	7.250%	8.250%
Net Pension Liability	\$ 22,360,175	\$ 12,997,691	\$ 5,141,207

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Based upon a July 1, 2017 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)
2013	\$ 62,034,394	\$ 66,628,676	\$ 4,594,282	93.1
2014	65,167,454	69,668,604	4,501,150	93.5
2015 (1)	67,591,835	73,630,924	6,039,089	91.8
2016	68,342,306	77,373,867	9,031,561	88.3
2017 (2)	69,510,847	81,031,794	11,520,947	85.8

Schedule of Employer Contributions

Fiscal Year	Actuarial Determined Contribution	Actual Contribution	Percentage Contributed
2015 (1)	\$ 998,378	\$ 998,378	100.0
2016 (1)	1,026,539	1,026,539	100.0
2017	1,054,742	1,054,742	100.0
2018	1,196,328	1,196,328	100.0
2019 (2,3)	1,340,704	1,340,704	100.0

- (1) Increase in Actuarial Accrued Liability and the decrease in Actuarial Determined Contribution ("ADC") 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) Interest rate assumption was lowered from 7.25% to 7.125%.
- (3) The actuarial determined contribution ("ADC") as provided by the Town's actuary. The Town contributes 100% of the ADC, which they have done historically.

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

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

As of FY 2012, newly hired employees in the Public Works and Clerical Workers and Public Safety Dispatchers bargaining units as well as the non-affiliated employee group were required to participate in the Town of Windsor 401(a) defined contribution plan. The employee and employer contribution is 5.5% for Public Works and Clerical Workers bargaining unit members as of August 2016, and 5.5% for Public Safety Dispatchers bargaining unit members as of February 2017. Non-affiliated employees increased their contribution to 5.5% as of July 2017, with the employers share matching that amount.

The contribution rate for defined benefit plan participants in the non-affiliated town employee group as well as Public Safety Dispatchers bargaining unit employees is currently 5% of annual income. Public Works and Clerical Workers bargaining unit employees currently contribute 4.75%.

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

The contribution rate for defined benefit plan participants is currently 4% of annual income for all Board of Education bargaining unit employees.

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

Other Post-Employment Benefits

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

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

For retiree health insurance, employees in the Public Works and Clerical Workers bargaining unit hired prior to July 1, 2008 will pay the same percentage towards the allocation rate as active employees to a maximum of 25%. Employees hired after July 1, 2008 and before November 1, 2011 will pay the same percentage towards the allocation rate as active employees to a maximum of 25% for the retiree only coverage and 50% for the retiree's spouse, if eligible. Retirees hired after November 1, 2011 will pay the same percentage towards the allocation rate as active employees. If eligible, the spouse may elect to continue coverage at their own expense. The employee share of the allocation rate for health insurance for members of the Public Works and Clerical Workers bargaining unit has increased from 15% in fiscal year 2014 to 18% for fiscal year 2017, and the Town's contribution has decreased from 85% to 82%. The employee share will increase to 20% in fiscal year 2018 and the town's share will decrease to 80%.

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

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

The health insurance plan offered to members of the WPDEA and Public Safety Dispatchers bargaining units hired after November 2016 and February 2017, respectively, will be the high deductible health plan and the employee share of the allocation rate is 16% for fiscal year 2017 and the town share is 84%. For fiscal year 2018, WPDEA employee's share is 17%.

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

The allocation rate cost share for non-affiliated employees increased from 18% to 19% in fiscal year 2016, and the Town's allocation rate cost share decreased from 82% to 81%. Unaffiliated employee's contribution increased to 20% for fiscal year 2018 for the PPO and HMO and the HDHP plan allocation rate share is 16%.

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

Schedule of Funding Progress

Actuarial 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 (1)	-	71,595,156	71,595,156	0.0
2015	407,210	52,675,687	52,268,477	0.8

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

Schedule of Employer Contributions

Fiscal Year	Actuarial Determined Contribution	Actual Contribution	Percentage Contributed
2015	\$ 6,299,617	\$ 2,595,904	41.2
2016	6,762,112	2,596,651	38.4
2017	4,883,931	2,410,939	49.4
2018 (1)	5,250,156	2,574,750	49.0

(1) As projected for fiscal year 2017-18.

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

Investment Policies and Procedures

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

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

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

Assessment Practices

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

The Town has a Fixed Assessment / Abatement policy pursuant to CGS Sec. 12-65b. Currently there are three active abatements and two abatements in the Connecticut Airport Development Zone program.

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

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

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

Tax Collection Procedure

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

Motor Vehicle Property Tax Rate

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2016, and 45.00 mills for the assessment year commencing October 1, 2017, and each assessment year thereafter. For the fiscal year ending June 30, 2020 and thereafter, Section 4-66l of the General Statutes, as amended, diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rates for the current 2016 assessment year (the fiscal year ending June 30, 2018) is 32 mills. The Town's motor vehicle tax rates for the 2017 assessment year (the fiscal year ending June 30, 2019) will be 32.96 mills.

Municipal Budget Expenditures Cap

Connecticut General Statutes Section 4-66l, as amended ("Section 4-66l"), creates certain disincentives to increasing budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceed the spending limit specified in the general statutes. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality's adopted budget exceeds the expenditure cap. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the spending limit, and if so, the amount by which the limit was exceeded.

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.

The State budget for the current biennium does not include any funding for the municipal revenue sharing account.

Real Property Tax Levies and Collections

FY Ending 6/30	Net Taxable Grand List	Total Tax Rate (In Mills)	Adjusted Tax Levy	% Annual Levy Collected	Uncollected Taxes	
					End of Each Fiscal Year	As of 6/30/2017
2019 (1)	\$ 2,959,804,528	32.96	\$ 96,807,622	In Process	In Process	In Process
2018 (1)	2,886,746,036	32.45	92,918,591	In Process	In Process	In Process
2017	2,924,298,305	31.52	93,031,833	99.0	\$ 946,145	\$ 946,145
2016	2,849,933,303	30.92	88,799,152	98.8	\$ 1,091,021	402,995
2015 (2)	2,838,103,716	30.47	86,548,952	98.8	1,029,436	36,433
2014	3,013,897,453	27.33	82,919,994	98.6	1,192,548	21,137
2013	2,907,640,693	27.95	81,403,784	98.7	1,062,846	6,627
2012	2,811,979,697	28.03	79,201,381	98.8	979,265	5,115
2011	2,734,641,908	28.38	77,747,083	98.6	1,091,108	2,002
2010	2,653,336,173	28.34	74,984,463	98.6	1,037,133	2,225

(1) Adopted Budgets for fiscal years 2017-18 and 2018-19. (See "Motor Vehicle Property Tax Rate" herein).

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

Source: Town Officials.

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)
10/01/17	\$ 2,316,863,834	\$ 563,852,588	\$ 210,484,710	\$ 3,091,201,132	\$ 131,396,604	\$ 2,959,804,528
10/01/16	2,297,897,194	507,677,471	209,047,000	3,014,621,665	127,875,629	2,886,746,036
10/01/15	2,555,128,169	524,882,407	203,017,855	3,283,028,431	358,730,126	2,924,298,305
10/01/14	2,317,358,059	496,016,198	202,210,460	3,015,584,717	165,651,414	2,849,933,303
10/01/13	2,287,068,998	531,939,149	202,876,570	3,021,884,717	183,781,001	2,838,103,716
10/01/12	2,537,512,418	196,798,900	496,943,459	3,231,254,777	217,357,324	3,013,897,453
10/01/11	2,524,291,833	512,131,547	202,124,650	3,238,548,030	330,907,337	2,907,640,693
10/01/10	2,532,178,040	471,342,141	186,248,492	3,189,768,673	377,788,976	2,811,979,697
10/01/09	2,521,616,780	482,561,434	179,816,305	3,183,994,519	449,352,611	2,734,641,908
10/01/08	2,232,341,208	488,125,018	185,708,117	2,906,174,343	252,838,170	2,653,336,173

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

Source: Town Officials

Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2017:

Name of Taxpayer	Nature of Business	Grand List Amount
Griffin Land & Affiliates	Real Estate Development	\$ 77,532,445
CIGNA	Insurance and Financial Services	76,550,840
Voya Retirement Insurance	Insurance and Financial Services	75,746,720
Hartford Financial Corp	Insurance and Financial Services	60,692,576
Cellco/Verizon Wireless	Telecommunications	54,447,984
Eversource	Electric Utility	51,788,339
Walgreens Eastern	Distribution Center	48,375,941
Dollar Tree Distribution Inc	Distribution Center	47,669,652
IBM & Affiliates	Information Technology	39,362,456
Deka Immobilien Investment (Amazon)	Distribution Center	36,000,804
Total		\$ 568,167,757 (1)

(1) Represents 18.18% of the net taxable grand list of \$2,959,804,528 dated October 1, 2017.

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 2013-2017, in "Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

Property Tax Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax as a % of General Fund Revenues</u>
2019 (Adopted Budget) (1)	\$ 115,219,930	\$ 97,360,030	84.50
2018 (Estimated Actuals) (1)	111,338,740	94,034,100	84.46
2017	125,920,065	93,636,439	74.36
2016	114,990,555	89,012,808	77.41
2015	114,937,769	87,600,034	76.22
2014	110,221,210	82,937,213	75.25
2013	108,233,721	82,156,015	75.91
2012	104,442,171	79,806,333	76.41
2011	102,267,246	78,440,338	76.70
2010	97,207,998	75,182,401	77.34

(1) Budgetary figures do not include one-time pass-through state funding for the teachers' retirement system pension liability. The figure was \$11,590,000 in fiscal year 2016-17.

Source: Annual audited financial statements for fiscal years 2010-2017, estimated actuals for fiscal 2017-18 and the adopted budget for the fiscal year commencing July 1, 2018. (See "Budgetary Procedures" herein).

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Intergovernmental</u>	<u>Aid As a % of General Fund Revenue</u>
2019 (Adopted Budget) (1)	\$ 115,219,930	\$ 14,536,740	12.62
2018 (Estimated Actuals) (1)	111,338,740	14,810,970	13.30
2017	125,290,065	27,038,627	21.58
2016	114,990,555	21,906,514	19.05
2015	114,937,769	22,366,478	19.46
2014	110,221,210	22,298,413	20.23
2013	108,233,721	21,410,871	19.78
2012	104,442,171	21,115,541	20.22
2011	102,267,246	19,819,257	19.38
2010	97,207,998	19,483,098	20.04

(1) Budgetary figures do not include one-time pass-through state funding for the teachers' retirement system pension liability. The figure was \$11,590,000 in fiscal year 2016-17.

Source: Annual audited financial statements for fiscal years 2010-2017, estimated actuals for fiscal 2017-18 and the adopted budget for the fiscal year commencing July 1, 2018. (See "Budgetary Procedures" herein).

Expenditures

<u>Fiscal Year</u>	<u>Education %</u>	<u>General Government %</u>	<u>Safety Services %</u>	<u>Public Works %</u>
2019 (Adopted Budget) (1)	59.95	17.04	8.98	5.43
2018 (Estimated Actuals) (1)	61.05	15.76	9.02	5.39
2017	69.63	11.42	8.98	5.23
2016	68.34	11.59	9.60	5.38
2015	68.76	11.00	9.69	5.64
2014	68.20	11.32	10.03	5.52
2013	68.38	11.39	9.50	5.56
2012	68.83	11.05	9.44	5.56
2011	68.06	11.06	9.67	6.05
2010	69.86	10.90	9.05	6.15

(1) Budgetary figures do not include one-time pass-through state funding for the teachers' retirement system pension liability. The figure was \$11,590,000 in fiscal year 2016-17.

Source: Annual audited financial statements for fiscal years 2010-2017, estimated actuals for fiscal 2017-18 and the adopted budget for the fiscal year commencing July 1, 2018. (See "Budgetary Procedures" herein).

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

	Fiscal Year 2016-17			2017-18 Estimated Actuals	2018-19 Adopted Budget
	Final Budget	Actual Operations	Variance Favorable (Unfavorable)		
REVENUES					
Property taxes	\$ 92,250,720	\$ 93,636,439	\$ 1,385,719	\$ 94,034,100	\$ 97,360,030
Licenses, permits and fees	628,560	1,228,078	599,518	720,100	625,960
Fines, forfeitures and penalties	38,000	38,990	990	38,000	36,000
Other agencies	111,830	126,280	14,450	129,490	108,370
Intergovernmental	15,624,550	15,344,798	(279,752)	14,810,970	14,536,740
Revenues from use of assets	548,830	655,363	106,533	993,830	1,048,830
Charges for services	760,500	1,073,207	312,707	612,250	604,000
TOTAL REVENUES	109,962,990	112,103,155	2,140,165	111,338,740	114,319,930
EXPENDITURES					
Current:					
General government	991,110	933,959	57,151	932,460	1,015,240
Safety services	9,965,720	9,617,229	348,491	9,968,640	10,346,090
Recreation and leisure services	1,106,510	1,105,160	1,350	1,489,490	1,538,390
Human services	883,670	874,053	9,617	835,540	865,940
Health services	471,410	462,413	8,997	478,040	494,800
Library services	1,612,660	1,609,488	3,172	1,644,250	1,678,840
Development services	1,800,720	1,742,351	58,369	1,267,650	1,318,030
Community development	129,770	129,770	-	114,870	103,800
Public works	5,244,030	5,116,458	127,572	5,955,140	6,260,520
Information services	447,510	441,400	6,110	466,020	491,270
Administrative services	2,224,840	2,164,790	60,050	2,236,360	2,313,740
General services	6,443,070	6,182,777	260,293	12,516,820	14,494,970
Education	67,347,730	67,238,680	109,050	67,471,330	69,068,800
Town support for education	2,262,360	2,231,036	31,324	5,134,860	5,229,500
TOTAL EXPENDITURES	100,931,110	99,849,564	1,081,546	110,511,470	115,219,930
Revenues over expenditures	9,031,880	12,253,591	3,221,711	827,270	(900,000)
Other financing sources (uses)					
Operating transfers in	73,090	70,090	(3,000)	-	-
Operating transfers out	(10,004,970)	(10,004,970)	-	-	-
Use of fund balance	(1,092,573)	(1,092,573)	-	-	900,000
Total other financing sources (uses)	(11,024,453)	(11,027,453)	(3,000)	-	900,000
Net change in budgetary fund balance	<u>\$ (1,992,573)</u>	1,226,138	<u>\$ 3,218,711</u>	<u>\$ 827,270</u>	<u>\$ -</u>
Budgetary Fund Balance, beginning		20,666,186			
Budgetary Fund Balance, ending		<u>\$ 21,892,324</u>			

Source: Annual audited financial statements for fiscal year 2016-2017, estimated actuals for fiscal 2017-18 and the adopted budget for the fiscal year commencing July 1, 2018. (See "Budgetary Procedures" herein).

Comparative Balance Sheets - General Fund

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
ASSETS					
Cash and cash equivalents	\$ 24,410,473	\$ 28,166,050	\$ 26,801,775	\$ 29,140,102	\$ 32,278,230
Receivables:					
Property taxes	1,206,348	1,626,595	1,090,958	1,380,972	1,150,539
Accounts receivable	809,580	387,213	564,352	348,830	394,222
Intergovernmental and other	109,629	54,375	-	-	-
Due from other funds	168,395	168,782	789,819	1,070,448	475,536
Prepays	-	-	-	-	628,000
Inventory	42,682	46,154	31,213	21,599	33,842
TOTAL ASSETS	<u>\$ 26,747,107</u>	<u>\$ 30,449,169</u>	<u>\$ 29,278,117</u>	<u>\$ 31,961,951</u>	<u>\$ 34,960,369</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 3,078,560	\$ 4,228,868	\$ 2,476,321	\$ 3,016,735	\$ 3,543,895
Due to other funds	1,127,456	146,304	-	-	55,196
Advanced tax collections	-	-	-	-	-
Deferred revenue	1,277,060	-	-	-	-
Unearned Revenue	352,681	-	-	-	-
TOTAL LIABILITIES	<u>5,835,757</u>	<u>4,375,172</u>	<u>2,476,321</u>	<u>3,016,735</u>	<u>3,599,091</u>
DEFERRED INFLOW OF RESOURCES					
Advance tax collections	-	3,352,487	2,248,521	3,355,856	5,107,301
Unavailable resources	-	1,531,680	926,393	1,196,929	1,087,015
TOTAL DEFERRED INFLOW OF RESOURCES	<u>-</u>	<u>4,884,167</u>	<u>3,174,914</u>	<u>4,552,785</u>	<u>6,194,316</u>
FUND BALANCES					
Nonspendable	42,679	46,154	31,213	21,599	661,842
Assigned	3,939,957	3,795,689	4,621,032	4,727,980	4,174,638
Unassigned	16,928,714	17,347,987	18,974,637	19,642,852	20,330,482
TOTAL FUND BALANCES	<u>20,911,350</u>	<u>21,189,830</u>	<u>23,626,882</u>	<u>24,392,431</u>	<u>25,166,962</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 26,747,107</u>	<u>\$ 30,449,169</u>	<u>\$ 29,278,117</u>	<u>\$ 31,961,951</u>	<u>\$ 34,960,369</u>

Source: Annual audited financial statements.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES					
Property taxes	\$ 82,159,015	\$ 82,937,213	\$ 87,600,034	\$ 89,012,808	\$ 93,636,439
Charges for services	4,531,261	4,865,078	4,847,452	3,910,777	4,344,703
State and Federal governments	21,410,871	22,298,413	22,366,478	21,906,514	27,038,627
Investment income	132,574	120,506	123,805	160,456	270,296
TOTAL REVENUES	<u>108,233,721</u>	<u>110,221,210</u>	<u>114,937,769</u>	<u>114,990,555</u>	<u>125,290,065</u>
EXPENDITURES					
Education	68,251,357	70,387,913	72,051,878	72,839,199	79,509,544
Public safety	9,482,675	10,347,278	10,149,394	10,228,327	10,251,732
Human services	1,409,128	1,333,534	1,359,207	1,373,878	1,419,877
Cultural and recreation	3,748,207	3,765,963	3,782,540	4,058,702	3,998,067
Public works	5,553,231	5,697,653	5,911,934	5,732,843	5,977,374
General government	11,367,560	11,681,899	11,528,544	12,354,861	13,040,132
TOTAL EXPENDITURES	<u>99,812,158</u>	<u>103,214,240</u>	<u>104,783,497</u>	<u>106,587,810</u>	<u>114,196,726</u>
Revenues over expenditures	8,421,563	7,006,970	10,154,272	8,402,745	11,093,339
Net transfers out	<u>(6,114,350)</u>	<u>(6,728,490)</u>	<u>(7,717,220)</u>	<u>(7,637,196)</u>	<u>(10,318,808)</u>
Net change in fund balances	2,307,213	278,480	2,437,052	765,549	774,531
Fund Balance - July 1	<u>18,604,137</u>	<u>20,911,350</u>	<u>21,189,830</u>	<u>23,626,882</u>	<u>24,392,431</u>
Fund Balance - June 30	<u>\$ 20,911,350</u>	<u>\$ 21,189,830</u>	<u>\$ 23,626,882</u>	<u>\$ 24,392,431</u>	<u>\$ 25,166,962</u>

Source: Annual audited financial statements; Town Officials.

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SECTION VI - ADDITIONAL INFORMATION

Litigation

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

Availability of Continuing Disclosure Information

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

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

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

Municipal Advisor

The Town has retained Independent Bond and Investment Consultants LLC ("IBIC LLC") of Madison, Connecticut, as municipal 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 original purchaser 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, that at the time bids were accepted on the Bonds, the descriptions and statements in the Official Statement relating to the Town of Windsor and its finances were true and correct in all material respects and did not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;
3. A Receipt for the purchase price of the Bonds;

4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut substantially in the form attached as Appendix B;
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached to the Official Statement as Appendix C; and
6. Within seven business days of the bid opening, the Town will furnish the purchaser of the Bonds 25 copies of the Official Statement, as prepared by the Town. Additional copies and/or printing of underwriting information may be obtained by the original purchaser at its own expense by arrangement with the printer.

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) 285-1936 or from Independent Bond and Investment Consultants LLC at (203) 245-7264.

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

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

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

TOWN OF WINDSOR, CONNECTICUT

/s/ Peter P. Souza

BY: PETER P. SOUZA
Town Manager

/s/ James R. Bourke

BY: JAMES R. BOURKE
Finance Director

Dated: June 12, 2018

APPENDIX A – FINANCIAL STATEMENTS

TOWN OF WINDSOR, CONNECTICUT

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JUNE 30, 2017

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Appendix A – Financial Statements – is taken from the Annual Financial Report of the Town of Windsor for the Fiscal Year ending June 30, 2017 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 the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Town of Windsor, Connecticut (the Town) as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windsor, Connecticut as of June 30, 2017, 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, the pension and OPEB related schedules on pages 69-77 as listed in the table of contents and the General Fund budgetary comparison information on pages 78-80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 28, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
December 28, 2017

**Town of Windsor, Connecticut
Management's Discussion and Analysis- unaudited
June 30, 2017**

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, 2017. 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 and deferred outflows of resources of the Town of Windsor exceeded its liabilities and deferred inflows of resources resulting in total net position at the close of the fiscal year of \$64.8 million. Total net position for Governmental Activities at fiscal year-end was \$73.8 million, which was an increase of \$2.6 million from the FY 16 net position. Total net position (deficits) for Business-Type Activities were (\$9.0 million), which was an increase of \$277 thousand from FY 16. The net deficit for Business-Type Activities is due to post-closure liability costs for the landfill.
- Government-wide expenses were \$136.3 million, which is an increase of \$6.8 million from FY 16. Government-wide revenues were \$138.6 million, which is an increase of \$12.8 million from FY 16.
- At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$41.7 million, an increase of \$4.2 million from the prior fiscal year.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$25.2 million, an increase of \$775 thousand from the prior fiscal year. Of the total General Fund balance as of June 30, 2017, \$20.3 million represents unassigned fund balance. Unassigned fund balance at year-end represents 16.3% of total FY 17 General Fund expenditures and transfers, and 18.3% of FY 18 adopted budgeted expenditures and transfers.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the Town of Windsor that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities).

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has three kinds of funds:

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

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

The Town maintains ten (10) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund 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 Non-Major 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 82-83 and in the combining statement of revenues, expenditures and changes in fund balance on pages 84-85.

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 74.

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are in pages 25 to 68 of this report.

Other Information

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town's governmental activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$73.8 million on June 30, 2017, which was an increase of \$2.6 million from beginning net position of \$71.2 million.

TOWN OF WINDSOR CONNECTICUT SUMMARY STATEMENT OF NET POSITION (DEFICIT) (\$000's) June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2017	2016	2017	2016	2017	2016	2016-17
Current and Other Assets	\$ 69,921	\$ 62,902	\$ 27,119	\$ 28,379	\$ 97,040	\$ 91,281	6.3%
Capital assets, net of accumulated depreciation	104,312	103,565	126	139	104,438	103,704	0.7%
Total Assets	174,233	166,467	27,245	28,518	201,478	194,985	3.3%
Deferred outflows of resources	7,403	9,421	-	-	7,403	9,421	-21.4%
Current liabilities	9,415	8,284	132	97	9,547	8,381	13.9%
Long-term liabilities outstanding	93,072	92,934	36,113	37,145	129,185	130,079	-0.7%
Total Liabilities	102,487	101,218	36,245	37,242	138,732	138,460	0.2%
Deferred Inflows of resources	5,322	3,443	-	-	5,322	3,443	54.6%
Net Position (Deficits):							
Net investment in capital assets	65,944	68,218	126	139	66,070	68,357	-3.3%
Restricted	6,012	7,081	-	-	6,012	7,081	-15.1%
Unrestricted	1,871	(4,072)	(9,126)	(8,863)	(7,255)	(12,935)	-43.9%
Total Net Position (Deficits)	\$ 73,827	\$ 71,227	\$ (9,000)	\$ (8,724)	\$ 64,827	\$ 62,503	3.7%

At the end of the current fiscal year, the Town of Windsor is able to report positive balances of \$64.8 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.

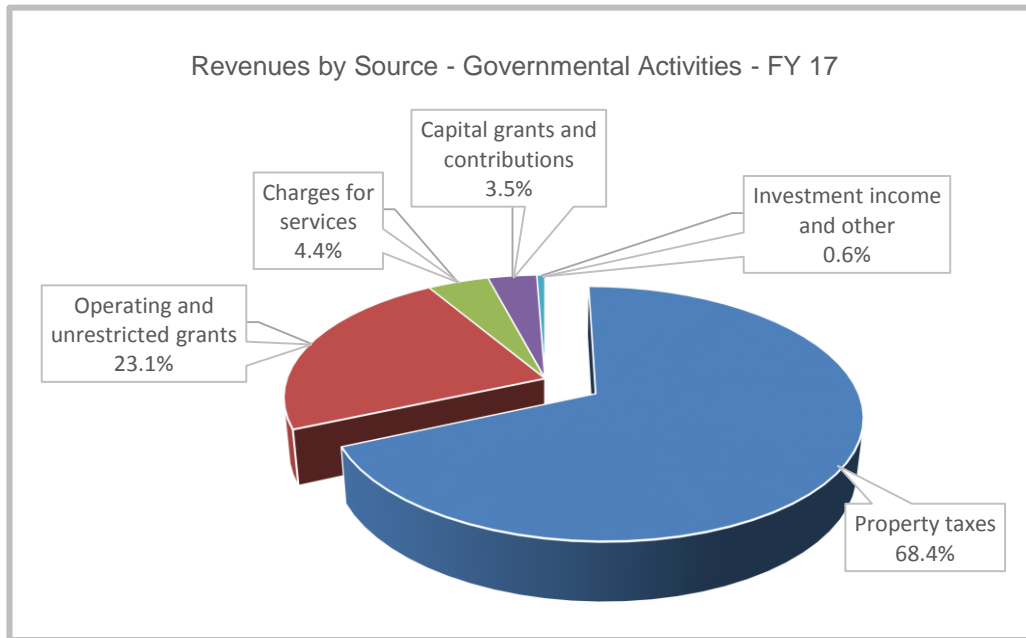
By far, the largest portion of the Town of Windsor's net position reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt that is still outstanding used to acquire those assets. The Town uses these capital assets to provide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

TOWN OF WINDSOR CONNECTICUT
SUMMARY STATEMENT OF ACTIVITIES (\$000's)
For the Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2016-17</u>
Revenues							
Program revenues							
Charges for services	\$ 6,019	\$ 5,041	\$ 1,740	\$ 1,810	\$ 7,759	\$ 6,851	13.3%
Operating grants and contributions	31,489	26,735	210	175	31,699	26,910	17.8%
Capital grants and contributions	2,447	446	-	-	2,447	446	448.7%
General Revenues							
Property taxes	93,461	89,290	-	-	93,461	89,290	4.7%
Grants not restricted to specific programs	2,337	1,777	-	-	2,337	1,777	31.5%
Miscellaneous	472	205	-	-	472	205	130.2%
Unrestricted investment earnings	333	201	122	96	455	297	53.2%
Total revenues	136,558	123,695	2,072	2,081	138,630	125,776	10.2%
Expenses							
General government	15,847	14,170	-	-	15,847	14,170	11.8%
Culture & recreation	4,691	4,707	-	-	4,691	4,707	-0.3%
Human services	1,976	1,973	-	-	1,976	1,973	0.2%
Public works	7,471	7,282	-	-	7,471	7,282	2.6%
Education	92,217	85,834	-	-	92,217	85,834	7.4%
Public safety	10,902	11,517	-	-	10,902	11,517	-5.3%
Interest expense	817	790	-	-	817	790	3.4%
Landfill	-	-	619	1,505	619	1,505	-58.9%
Child development	-	-	1,102	1,053	1,102	1,053	4.7%
Adult caring connection	-	-	444	487	444	487	-8.8%
Resident Transfer Station	-	-	177	146	177	146	21.2%
Other	-	-	43	-	43	-	-
Total expenses	133,921	126,273	2,385	3,191	136,306	129,464	5.3%
Excess (deficit) of revenues over (under) expenses before transfers	2,637	(2,578)	(313)	(1,110)	2,324	(3,688)	-163.0%
Transfers	(37)	(69)	37	69	-	-	0.0%
Change in net position (deficit)	2,600	(2,647)	(276)	(1,041)	2,324	(3,688)	-163.0%
Net Position (deficits)- Beginning	71,227	73,874	(8,724)	(7,683)	62,503	66,191	-5.6%
Net position (deficits) Ending	\$ 73,827	\$ 71,227	\$ (9,000)	\$ (8,724)	\$ 64,827	\$ 62,503	3.7%

Governmental Activities

Approximately 68.4% of revenues and transfers in were derived from property taxes, followed by 24.8% from operating and unrestricted grants, 4.4% from charges for services, 1.8% from capital grants and contributions, and 0.6% from investment earnings and other miscellaneous revenue sources.



Major revenue factors included:

- Property tax revenues collected in FY 17 totaled \$93.4 million, which represents an increase of \$4.2 million or 4.7% over FY 17 tax revenues. The Town's FY 17 mill rate of 31.52 reflected an increase of 0.60 from FY 16. The Town's collection rate on the current adjusted levy, including the interim motor vehicle tax, was 98.98%, as compared to the prior year's rate of 98.77%.
- Capital grants and contributions increased by \$2.0 million mostly due to grants received for road projects as well as a grant for the Inter-Town Capital Equipment program.
- Charges for Services increased \$979 thousand from the prior year. This is largely due to a reclassification of revenue in non-major funds from Intergovernmental to the Charges for Services revenue line.
- Investment Income increased 66.2% versus FY 16 due to the improving interest rate environment.

For Governmental Activities in FY 17, approximately 68.9% of the Town's expenses relate to education (vs. 68.0% in FY 16), 11.8% (vs. 11.2% in FY 16) to general government, 8.1% (vs. 9.1% in FY 16) relate to public safety, 5.6% (vs. 5.8% in FY 16) relate to public works, 3.5% (vs. 3.7% in FY 16) to culture and recreation, 1.5% (vs. 1.6% in FY 16) to human services, and 0.6% (vs. 0.6% in FY 16) 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:

- Education costs increased \$6.4 million from FY 16. This is mostly due to the state teachers retirement payments made by the State Department of Education on behalf of the Town increasing to \$11.6 million from \$7.2 million, which was an increase of \$4.4 million. The State Teachers Retirement Board adopted GASB Statement No. 68 and as a result the calculation for the on-behalf payment changed from FY 16. In FY 16, the calculation was based on contributions. For FY 17, it was based on the Board of Education's share of the pension expense.
- General government expenditures increased \$1.7 million from FY 16 due to an increase in capital spending.

Business-Type Activities

- There was a \$277 increase to the Business Type Activities deficit. This was due primarily to expenditures for closure costs for the landfill that exceeded fund revenues. The Landfill discontinued accepting municipal solid waste (MSW) on June 30, 2014 and has since then converted to a transfer station facility for residents.
- The Landfill expenditures decreased \$886 thousand or 58.9% due to the lessening of the post-closure liability.
- The Resident Transfer Station expenditures increased \$31 thousand or 21.2% mostly due to a higher allocation of personnel and other costs from the Landfill fund.

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 to provide flexibility and meet future obligations.

As of June 30, 2017 the Town of Windsor's governmental funds reported combined ending fund balances of \$41.7 million, an increase of \$4.2 million from \$37.4 million the previous year. This is primarily due to timing of receipts of revenues versus the timing of expenditures in the Capital Projects Fund for the Oliver Ellsworth School HVAC improvement project as well as for various pavement management projects. Bond proceeds, a state grant and transfers in for these projects were received in FY 17 but the expenditures occurred after the end of the fiscal year. The unassigned fund balance constitutes 48.8% of the total fund balance. The remainder of the fund balance is considered either nonspendable, restricted, committed, or assigned as defined by GASB 54 fund balance definitions. These fund balance definitions can be found in note 1 in the notes to the financial statements.

The General Fund is the chief operating fund of the Town of Windsor. As of June 30, 2017, unassigned fund balance of the General Fund was \$20.3 million, while total fund balance was \$25.2 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 17.8% of total General Fund expenditures of \$114.2 million, while total fund balance represents 22.0% of that same amount.

The Capital Projects Fund had a total fund balance of \$10.1 million, which is an increase of 2.8 million from a balance of \$7.4 million in FY 16. This is primarily due to timing of receipts of revenues versus the timing of expenditures in the Capital Projects Fund for the Oliver Ellsworth School HVAC improvement project as well as for various pavement management projects. Bond proceeds, a state grant and transfers in for these projects were received in FY 17 but the expenditures occurred after the end of the fiscal year. The assigned fund balance of the Capital Projects fund was \$714 thousand on June 30, 2017.

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

The net position (deficits) of the Landfill Enterprise Fund at the end of the year was approximately \$(9.8) million with unrestricted net position (deficits) of approximately \$(9.9) million compared to \$(9.5) million and \$(9.6) million in the prior year. The Landfill Enterprise Fund had a net loss during the year of \$313 thousand as compared with a net loss of \$1.2 million in the prior year. As noted before, the Landfill discontinued accepting municipal solid waste (MSW) on June 30, 2014 and has since then converted to a transfer station facility for residents. The net loss is related to the continuation of the planned closure and capping construction activity.

General Fund Budgetary Highlights

Actual revenues on a budgetary basis were approximately \$112.1 million. This amount exceeded budgetary estimates by approximately \$2.1 million. The major revenue variances were:

- General property tax collections in excess of budget by \$1.4 million. The Town conducted a delinquent property tax sale in April of 2017 and approximately \$680 thousand was collected as a result of that effort. Also contributing to this was the supplemental motor vehicle billing which resulted in approximately \$323 thousand collected in excess of budget.
- Building permits exceeded budget by \$589 thousand and is due mostly to commercial renovations and improvements, such as for the Amazon fulfillment center and a Loomis Chaffee school building.
- Conveyance Fees exceeded budget by \$384 thousand and is attributable to unanticipated property sales such as Rivers Bend Condominiums, the Marriot Hotel and commercial property located on Addison Rd. and Pigeon Hill Rd.

Actual expenditures, including transfers but not use of fund balance, were \$110.9 million and kept under budget by \$1.1 million. Personnel savings from vacant positions, worker compensation and disability claims and military leave made up the majority of this variance.

The difference between the original budget and the final amended budget was for an additional appropriation of \$1.1 million from fund balance. Uses were as follows:

Teamsters Bargaining Unit Retroactive Wage Increases	\$ 101,735
Caring Connection Adult Day Care	106,838
Animal Shelter Construction	884,000
	<u>\$ 1,092,573</u>

These items combined (additional revenues, expenditure savings and use of fund balance) produced an increase of \$1.2 million to the General Fund budgetary fund balance. This takes into consideration that the \$900 thousand opening cash appropriation was not needed to balance the budget as actual revenues exceeded actual expenditures during the year.

Capital Asset and Debt Administration

Capital Assets

The Town of Windsor's investment in capital assets for its governmental and business type activities as of June 30, 2017, amounted to \$104.3 million (net of accumulated depreciation) compared to \$103.7 million in the prior fiscal year. This investment in capital assets includes land, building and mechanical improvements, machinery and equipment, park facilities, roads, sewers and bridges.

TOWN OF WINDSOR CONNECTICUT
CAPITAL ASSETS (net of depreciation)
June 30, 2017

	Governmental Activities	Business- Type Activities	Total
Land	\$ 4,912,827	\$ -	\$ 4,912,827
Construction in progress	4,121,733	-	4,121,733
Buildings and improvements	61,811,471	102	61,811,573
Infrastructure	18,672,954	-	18,672,954
Machinery and equipment	14,792,989	24	14,793,013
Total	\$ 104,311,974	\$ 126	\$ 104,312,100

Major additions during the year included the following:

Clover Street School HVAC Improvements
Windsor High School Fire Alarm System and Door Replacements
Batchelder Road & Mechanic Street Improvements
L.P. Wilson Community Center Restrooms & Locker Room Upgrades
L.P. Wilson Community Center Athletic Field Improvements
Town Facility Energy Improvements
Town Hall Interior Renovations
Stone Road Rehabilitation Project
Town Pool Improvements (design phase)
Day Hill Road Pedestrian Circulation Enhancements

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

Debt Administration

At the end of the current fiscal year, the Town of Windsor had total bonded debt outstanding of \$38.3 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, 2017

	Governmental Activities
General obligation bonds	<u>\$ 38,340,000</u>

The Town of Windsor's total bonded debt decreased by \$180 thousand or 0.47% during the current fiscal year as compared to a 3.13% decrease in FY 16.

The Town of Windsor's general obligation bond rating is AAA from Standard & Poor's. This rating was reaffirmed in the spring of 2017 when the Town issued general obligation bonds in the amount of \$5.9 million and refunding bonds in the amount of \$9.2 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 \$691.5 million, up from \$646.4 million in FY 16. As of June 30, 2017, the Town recorded long-term debt of \$38.3 million related to Governmental Activities, well below its statutory debt limits. The following is a summary as of June 30, 2017 of the future principal and interest requirements for the Town's general obligation bonds:

Fiscal Year Ending	Principal Payments	Interest Payments	Total Debt Service
2018	\$ 6,000,000	\$ 927,469	\$ 6,927,469
2019	5,565,000	835,475	6,400,475
2020	5,570,000	651,225	6,221,225
2021	4,640,000	495,700	5,135,700
2022	3,530,000	384,155	3,914,155
2023	3,485,000	295,855	3,780,855
2024	2,505,000	227,575	2,732,575
2025	1,525,000	175,625	1,700,625
2026	1,100,000	143,569	1,243,569
2027	1,070,000	118,581	1,188,581
2028	650,000	93,975	743,975
2029	300,000	79,500	379,500
2030	300,000	72,000	372,000
2031	300,000	63,000	363,000
2032	300,000	54,000	354,000
2033	300,000	45,000	345,000
2034	300,000	36,000	336,000
2035	300,000	27,000	327,000
2036	300,000	18,000	318,000
2037	300,000	9,000	309,000
	<u>\$ 38,340,000</u>	<u>\$ 4,752,704</u>	<u>\$ 43,092,704</u>

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

Economic Factors

As of October 2017, the unemployment rate for Windsor was 4.6%. The unemployment rate for the Hartford labor market area was 4.3% and for the State of Connecticut it stood at 4.3%. The overall national average was 3.9% for this same time period.

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

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

Requests for Information

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

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Basic Financial Statements

Town of Windsor, Connecticut

Statement of Net Position (Deficits)
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 47,946,648	\$ 19,921,934	\$ 67,868,582
Investments	14,465,359	7,139,257	21,604,616
Receivables:			
Property taxes, net of allowance for collection losses	1,150,539	-	1,150,539
Accounts receivable	912,853	-	912,853
Customer receivables	19,286	57,614	76,900
Community rehabilitation loans, net	2,189,072	-	2,189,072
Inventories	48,162	-	48,162
Restricted cash and cash equivalents - capital outlay	625,110	-	625,110
Prepays	633,620	-	633,620
Net pension asset	1,930,679	-	1,930,679
Capital assets, not being depreciated	9,034,560	-	9,034,560
Capital assets, being depreciated, net of depreciation	95,277,414	125,601	95,403,015
Total assets	174,233,302	27,244,406	201,477,708
Deferred outflows of resources:			
Deferred charge on refunding	327,319	-	327,319
Deferred pension expense	7,075,892	-	7,075,892
Total deferred outflows of resources	7,403,211	-	7,403,211
Liabilities			
Accounts payable and accruals	7,873,416	112,828	7,986,244
Accrued interest payable	186,187	-	186,187
Unearned revenues	1,355,620	18,743	1,374,363
Long-term liabilities:			
Due within one year	6,217,840	1,455,749	7,673,589
Due in more than one year	86,853,902	34,657,646	121,511,548
Total liabilities	102,486,965	36,244,966	138,731,931
Deferred inflows of resources:			
Advance property tax collections	5,107,301	-	5,107,301
Deferred pension credit	215,142	-	215,142
Total deferred inflows of resources	5,322,443	-	5,322,443
Net position (deficits):			
Net investment in capital assets	65,944,467	125,601	66,070,068
Restricted:			
Pension	1,930,679	-	1,930,679
Community rehabilitation program	2,189,072	-	2,189,072
Public works	1,095,434	-	1,095,434
Other	796,775	-	796,775
Unrestricted (deficit)	1,870,678	(9,126,161)	(7,255,483)
Total net position (deficits)	\$ 73,827,105	\$ (9,000,560)	\$ 64,826,545

See notes to financial statements.

Town of Windsor, Connecticut

Statement of Activities
Year Ended June 30, 2017

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		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ (15,847,191)	\$ 1,840,678	\$ 280,513	\$ -	\$ (13,726,000)	\$ -	\$ (13,726,000)
Culture & recreation	(4,691,078)	1,822,448	36,210	-	(2,832,420)	-	(2,832,420)
Human services	(1,975,787)	136,157	124,629	-	(1,715,001)	-	(1,715,001)
Public works	(7,470,759)	179,225	406,033	2,447,040	(4,438,461)	-	(4,438,461)
Education	(92,216,846)	1,428,836	30,571,750	-	(60,216,260)	-	(60,216,260)
Public safety	(10,902,168)	612,130	69,463	-	(10,220,575)	-	(10,220,575)
Interest expense	(817,380)	-	-	-	(817,380)	-	(817,380)
Total governmental activities	(133,921,209)	6,019,474	31,488,598	2,447,040	(93,966,097)	-	(93,966,097)
Business-type activities:							
Landfill	(618,870)	20,001	209,629	-	-	(389,240)	(389,240)
Child development	(1,101,946)	1,094,802	-	-	-	(7,144)	(7,144)
Adult caring connection	(444,144)	385,543	-	-	-	(58,601)	(58,601)
Resident transfer station	(177,151)	239,210	-	-	-	62,059	62,059
Total business-type activities	(2,342,111)	1,739,556	209,629	-	-	(392,926)	(392,926)
Total primary government	\$ (136,263,320)	\$ 7,759,030	\$ 31,698,227	\$ 2,447,040	(93,966,097)	(392,926)	(94,359,023)
General revenues:							
Property taxes					93,461,020	-	93,461,020
Miscellaneous					471,937	-	471,937
Grants and contributions not restricted to specific programs					2,337,418	-	2,337,418
Unrestricted investment earnings					332,887	121,972	454,859
Loss on disposal of capital assets					-	(43,000)	(43,000)
Internal transfers					(36,748)	36,748	-
Total general revenues and internal transfers					96,566,514	115,720	96,682,234
Change in net position					2,600,417	(277,206)	2,323,211
Net position (deficits) - beginning (as restated), Note 1					71,226,688	(8,723,354)	62,503,334
Net position (deficits) - ending					\$ 73,827,105	\$ (9,000,560)	\$ 64,826,545

See notes to financial statements.

Town of Windsor, Connecticut

**Balance Sheet - Governmental Funds
June 30, 2017**

	Major Funds		Other	Total
	General	Capital Projects	Nonmajor Governmental Funds	Governmental Funds
Assets				
Cash and cash equivalents	\$ 23,846,184	\$ 7,689,154	\$ 4,343,637	\$ 35,878,975
Investments	8,432,046	2,979,461	1,002,512	12,414,019
Restricted cash and cash equivalents	-	625,110	-	625,110
Receivables (net of allowances for collection losses):				
Property taxes	1,150,539	-	-	1,150,539
Accounts receivable	394,222	145,842	372,789	912,853
Community rehabilitation loans, net	-	-	2,189,072	2,189,072
Due from other funds	475,536	-	-	475,536
Prepays	628,000	-	5,620	633,620
Inventories	33,842	-	14,320	48,162
Total assets	\$ 34,960,369	\$ 11,439,567	\$ 7,927,950	\$ 54,327,886
Liabilities				
Accounts payable and accrued liabilities	\$ 3,543,895	\$ 1,144,127	\$ 387,652	\$ 5,075,674
Bond anticipation notes	-	-	-	-
Unearned revenues	-	-	725,120	725,120
Due to other funds	55,196	-	475,536	530,732
Total liabilities	3,599,091	1,144,127	1,588,308	6,331,526
Deferred inflow of resources:				
Advance tax collections	\$ 5,107,301	\$ -	\$ -	\$ 5,107,301
Unavailable resources	1,087,015	145,842	-	1,232,857
Total deferred inflows of resources	6,194,316	145,842	-	6,340,158
Fund balances:				
Nonspendable	661,842	-	32,940	694,782
Restricted	-	625,110	4,081,281	4,706,391
Committed	-	8,810,788	1,856,714	10,667,502
Assigned	4,174,638	713,700	368,707	5,257,045
Unassigned	20,330,482	-	-	20,330,482
Total fund balances	25,166,962	10,149,598	6,339,642	41,656,202
Total liabilities, deferred inflows of resources and fund balances	\$ 34,960,369	\$ 11,439,567	\$ 7,927,950	

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

Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net position includes those capital assets and accumulated depreciation among the assets of the Town as a whole.	104,311,974
Other long-term assets are not available and therefore not recognized in the funds.	1,232,857
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(93,071,742)
Deferred charge on refunding	327,319
Net pension asset	1,930,679
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.	10,765,253
Deferred pension expense	7,075,892
Deferred pension credit	(215,142)
Accrued interest payable	(186,187)
Net position of governmental activities	\$ 73,827,105

See notes to financial statements.

Town of Windsor, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2017

	Major Funds		Other	Total
	General	Capital Projects	Nonmajor Governmental Funds	Governmental Funds
Revenues:				
Property taxes	\$ 93,636,439	\$ -	\$ -	\$ 93,636,439
State and Federal governments	27,038,627	2,627,960	6,787,389	36,453,976
Charges for services	4,344,703	-	1,674,771	6,019,474
Investment income	270,296	44,864	17,727	332,887
Other	-	86,162	174,428	260,590
Total revenues	125,290,065	2,758,986	8,654,315	136,703,366
Expenditures:				
Current:				
Education	79,509,544	-	7,326,590	86,836,134
General government	13,040,132	-	152,097	13,192,229
Culture and recreation	3,998,067	-	77,977	4,076,044
Human services	1,419,877	-	121,714	1,541,591
Public safety	10,251,732	-	127,587	10,379,319
Public works	5,977,374	-	451,680	6,429,054
Debt service:				
Principal retirements	-	-	5,850,000	5,850,000
Interest and other charges	-	-	1,134,205	1,134,205
Capital outlay	-	9,224,113	-	9,224,113
Total expenditures	114,196,726	9,224,113	15,241,850	138,662,689
Excess (deficiency) revenues over (under) expenditures	11,093,339	(6,465,127)	(6,587,535)	(1,959,323)
Other financing sources (uses):				
Transfers in	70,090	3,314,000	6,968,060	10,352,150
Transfers out	(10,388,898)	-	-	(10,388,898)
Issuance of bonds	-	5,945,000	-	5,945,000
Issuance of refunding bonds	-	-	9,225,000	9,225,000
Premium on bonds issued	-	-	706,514	706,514
Payments made to escrow	-	-	(9,633,360)	(9,633,360)
Total other financing sources (uses)	(10,318,808)	9,259,000	7,266,214	6,206,406
Change in fund balances	774,531	2,793,873	678,679	4,247,083
Fund balances, beginning	24,392,431	7,355,725	5,660,963	37,409,119
Fund balances, ending	\$ 25,166,962	\$ 10,149,598	\$ 6,339,642	\$ 41,656,202

See notes to financial statements.

Town of Windsor, Connecticut

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

Year Ended June 30, 2017

Net change in fund balances – total governmental funds	\$ 4,247,083
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation exceeded in the current period.	746,669
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.	(144,992)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net positions. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,154,949
Change in net pension asset - CMERS	(1,402,033)
Change in deferred outflow - CMERS	2,477,099
Change in deferred outflow - Town Plan	(4,529,240)
Change in deferred inflow- Town Plan	(128,013)
Changes in some liabilities that impact expenses reported in the statement of do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,112,693)
The net income of certain activities of internal service funds is reported with governmental activities	<u>1,291,588</u>
Change in net position of governmental activities	<u><u>\$ 2,600,417</u></u>

See notes to financial statements.

Town of Windsor, Connecticut

Statement of Net Position (Deficits) - Proprietary Funds
June 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Landfill	Other Nonmajor Enterprise Funds	Total	Internal Service Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 19,294,698	\$ 627,236	\$ 19,921,934	\$ 12,067,673
Receivables				
Customer receivables, net	-	57,614	57,614	19,286
Due from other funds	-	-	-	55,196
Investments	6,914,360	224,897	7,139,257	2,051,340
Total current assets	26,209,058	909,747	27,118,805	14,193,495
Noncurrent assets:				
Capital assets (net of accumulated depreciation)	110,276	15,325	125,601	-
Total noncurrent assets	110,276	15,325	125,601	-
Total assets	26,319,334	925,072	27,244,406	14,193,495
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	65,853	60,324	126,177	144,183
Unearned revenue	-	18,743	18,743	630,500
Accrued claims payable	-	-	-	1,453,559
Accrued post closure costs	1,442,400	-	1,442,400	-
Total current liabilities	1,508,253	79,067	1,587,320	2,228,242
Noncurrent liabilities:				
Accrued post closure costs	34,617,600	-	34,617,600	-
Compensated absences	12,437	27,609	40,046	-
Accrued claims payable	-	-	-	1,200,000
Total noncurrent liabilities	34,630,037	27,609	34,657,646	1,200,000
Total liabilities	36,138,290	106,676	36,244,966	3,428,242
Net position (deficits):				
Net investment in capital assets	110,276	15,325	125,601	-
Unrestricted net position (deficits)	(9,929,232)	803,071	(9,126,161)	10,765,253
Total net position (deficits)	\$ (9,818,956)	\$ 818,396	\$ (9,000,560)	\$ 10,765,253

See notes to financial statements.

Town of Windsor, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position (Deficits) - Proprietary Funds
Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Landfill	Other Nonmajor Enterprise Funds	Total	Internal Service Fund
Operating revenues:				
User charges	\$ 20,001	\$ 1,719,555	\$ 1,739,556	\$ 17,320,612
Total operating revenues	<u>20,001</u>	<u>1,719,555</u>	<u>1,739,556</u>	<u>17,320,612</u>
Operating expenses:				
Operations and maintenance	592,193	1,720,042	2,312,235	-
Claims	-	-	-	16,057,007
Depreciation	26,677	3,199	29,876	-
Total operating expenses	<u>618,870</u>	<u>1,723,241</u>	<u>2,342,111</u>	<u>16,057,007</u>
Operating income (loss)	(598,869)	(3,686)	(602,555)	1,263,605
Nonoperating revenues (expenses):				
Interest income	119,144	2,828	121,972	27,983
Loss on disposal of capital assets	(43,000)	-	(43,000)	-
Total nonoperating revenues (expenses)	<u>76,144</u>	<u>2,828</u>	<u>78,972</u>	<u>27,983</u>
Income (loss) before transfers	(522,725)	(858)	(523,583)	1,291,588
Transfers in	-	106,838	106,838	-
Transfers out	-	(70,090)	(70,090)	-
State grants	209,629	-	209,629	-
Change in net position (deficit)	(313,096)	35,890	(277,206)	1,291,588
Net position (deficits), beginning	(9,505,860)	782,506	(8,723,354)	9,473,665
Net position (deficits), ending	<u>\$ (9,818,956)</u>	<u>\$ 818,396</u>	<u>\$ (9,000,560)</u>	<u>\$ 10,765,253</u>

See notes to financial statements

Town of Windsor, Connecticut

Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental
	Other Nonmajor		Total	Activities
	Landfill	Enterprise Funds		Internal Service Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ 28,258	\$ 1,737,139	\$ 1,765,397	\$ 17,959,826
Payments to suppliers	(1,182,924)	(476,441)	(1,659,365)	(15,945,159)
Payments to employees	(410,427)	(1,245,307)	(1,655,734)	-
Net cash (used in) provided by operating activities	(1,565,093)	15,391	(1,549,702)	2,014,667
Cash flows from capital financing activities:				
Purchase of capital assets	(76,175)	-	-	-
Proceeds from sale of assets	17,000	-	-	-
Net cash provided by capital financing activities	(59,175)	-	-	-
Cash flows from noncapital financing activities:				
Transfers in	-	106,838	106,838	51,282
Transfers out	-	(70,090)	(70,090)	-
Operating grants	209,629	-	209,629	-
Net cash provided by noncapital financing activities	209,629	36,748	36,748	51,282
Cash flows from investing activities:				
Interest received	119,144	2,828	121,972	27,983
Sale of investments	142,860	-	142,860	-
(Purchase) of investments	-	(20,358)	(20,358)	(200,712)
Net cash provided by (used in) investing activities	262,004	(17,530)	244,474	(172,729)
Net increase (decrease) in cash and cash equivalents	(1,152,635)	34,609	(1,268,480)	1,893,220
Cash and cash equivalents:				
Beginning	20,447,333	592,627	21,039,960	10,174,453
Ending	\$ 19,294,698	\$ 627,236	\$ 19,921,934	\$ 12,067,673
Reconciliation of operating income (loss) to net cash (used in) provided by operating activities:				
Operating income (loss)	\$ (598,869)	\$ (3,686)	\$ (602,555)	\$ 1,263,605
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:				
Depreciation	26,677	3,199	29,876	-
Changes in assets and liabilities:				
Decrease in accounts receivable	8,257	11,180	19,437	8,714
Increase (decrease) in accounts payable	16,187	(1,706)	14,481	37,236
Increase in unearned revenue	-	6,404	6,404	630,500
Increase (decrease) in accrued liabilities	(1,017,345)	-	(1,017,345)	74,612
Net cash (used in) provided by operating activities	\$ (1,565,093)	\$ 15,391	\$ (1,549,702)	\$ 2,014,667

See notes to financial statements.

Town of Windsor, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2017

	Pension Trust Fund	OPEB Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	\$ 234,170	\$ 20,730	\$ 805,825
Investments:			
Equity mutual funds	44,423,490	894,434	-
Fixed income mutual funds	18,224,538	422,662	-
Other Investments - real estate	3,703,822	-	-
Total investments	66,351,850	1,317,096	-
Contributions receivable	552,361	-	-
Other receivables	250,095	891	-
Total assets	67,388,476	1,338,717	805,825
Liabilities			
Accounts payable	-	878	805,825
Net position restricted for pensions and other benefits	\$ 67,388,476	\$ 1,337,839	\$ -

See notes to financial statements.

Town of Windsor, Connecticut

**Statement of Changes in Fiduciary Net Position - Pension and OPEB Trust Funds
Year Ended June 30, 2017**

	Pension Trust Fund	OPEB Trust Fund
Additions:		
Contributions:		
Employer	\$ 1,054,742	\$ 450,000
Plan members	599,123	-
Total contributions	<u>1,653,865</u>	<u>450,000</u>
Investment income:		
Net appreciation in fair value of investments	6,807,930	91,597
Interest and dividends	1,338,482	30,872
	<u>8,146,412</u>	<u>122,469</u>
Less investment expenses:		
Investment management fees	37,599	989
Net investment income	<u>8,108,813</u>	<u>121,480</u>
Total additions	<u>9,762,678</u>	<u>571,480</u>
Deductions:		
Benefits	<u>3,622,844</u>	-
Change in plan net position	6,139,834	571,480
Net position restricted for pensions and other benefits:		
Beginning of year	<u>61,248,642</u>	<u>766,359</u>
End of year	<u>\$ 67,388,476</u>	<u>\$ 1,337,839</u>

See notes to financial statements.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

Accounting standards adopted in the current year: GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The implementation of this statement resulted in additional disclosures (see Note 9). See Note 16 for the impact the adoption of GASB 75 will have on the OPEB liability in the next fiscal year.

Note 1. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. See Note 15 for the disclosure related to tax abatements.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The implementation of this statement had no impact on the Town's financial statements.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The implementation of this statement had no impact on the Town's financial statements.

GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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

The Town reports the following major proprietary fund:

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

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

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Additionally, the Town reports the following proprietary fund:

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

Fiduciary funds:

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

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

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

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

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

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

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

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

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The three categories within the hierarchy are as follows:

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

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

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

See Note 3 for additional information regarding fair value.

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

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

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Pension accounting:

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Net other post-employment benefit obligations:

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

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

All other General Fund appropriations lapse at year-end.

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

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

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.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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

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

Bonds payable	\$ 38,340,000
Premiums, net of amortization	965,551
Compensated absences	871,350
Net pension liability	12,997,691
Net OPEB obligation	<u>39,897,150</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net positions – governmental activities	<u>\$ 93,071,742</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities: The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds, and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capital outlay	\$ 7,361,717
Depreciation expense	<u>(6,615,048)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 746,669</u>

Town of Windsor, Connecticut

Notes to Financial Statements

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

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

Debt issued or incurred:	
Issuance of general obligation bonds	\$ 5,945,000
Issuance of general obligation refunding bonds	9,225,000
Loss on refundings	99,159
Principal repayments:	
General obligation debt	(5,850,000)
Payment to escrow	(9,633,360)
Amortization of premiums:	
Bond premium	436,818
Net pension liability	<u>(2,377,566)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (2,154,949)</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	\$ 10,026
OPEB obligation	2,248,955
Accrued interest	<u>(146,288)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 2,112,693</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 maintains segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Town of Windsor, Connecticut

Notes to Financial Statements

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

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

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

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

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

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

Town of Windsor, Connecticut

Notes to Financial Statements

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

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

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2017, approximately \$79,381,000 of the Town's bank balance of approximately \$89,989,000 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, 2017:

Cash, restricted cash and equivalents:	
Deposits with financial institutions	\$ 87,617,714
State short-term investment fund	3,541,319
Total cash, restricted cash and equivalents	<u>91,159,033</u>
Less certificates of deposits classified as investments	<u>(21,604,616)</u>
	<u>69,554,417</u>
Pension and OPEB trust funds:	
Equity mutual funds	45,317,924
Fixed income mutual funds	18,647,200
Other investments - real estate	3,703,822
Total pension and OPEB investments	<u>67,668,946</u>
Total cash, cash equivalents and investments	<u>\$ 158,827,979</u>

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

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

Statement of net position:	
Cash and cash equivalents	\$ 67,868,582
Restricted cash and cash equivalents	625,110
Investments	21,604,616
	<u>90,098,308</u>
Fiduciary funds:	
Cash and cash equivalents	1,060,725
Investments	67,668,946
	<u>68,729,671</u>
Total cash, cash equivalents and investments	<u>\$ 158,827,979</u>

Town of Windsor, Connecticut

Notes to Financial Statements

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

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

Type of Investment	Fair Value	Investment Maturities			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Pooled fixed income	\$ 3,541,319	\$ 3,541,319	\$ -	\$ -	\$ -
Fixed income mutual funds	18,647,200	1,838,256	4,638,666	6,417,116	5,803,535
Total	<u>\$ 22,188,519</u>	<u>\$ 5,379,575</u>	<u>\$ 4,638,666</u>	<u>\$ 6,417,116</u>	<u>\$ 5,803,535</u>

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

<u>Average rating</u>	Pooled Fixed Income	Fixed Income Mutual Funds
AAA	\$ -	\$ 7,628,017
AAAm	3,541,319	-
AA	-	1,355,614
A	-	2,965,232
BBB	-	2,757,996
BB	-	1,396,857
B	-	666,909
Below B	-	564,919
Unrated	-	1,311,656
Total	<u>\$ 3,541,319</u>	<u>\$ 18,647,200</u>

Town of Windsor, Connecticut

Notes to Financial Statements

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

Fair value: The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2017:

	Fair Value Measurements Using			
	June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:				
Mutual funds	\$ 63,965,124	\$ 63,965,124	\$ -	\$ -
Total investments by fair value level	<u>63,965,124</u>	<u>\$ 63,965,124</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at the net asset level (NAV):				
Real estate fund		<u>3,703,822</u>		
Total investments measured at the NAV		<u>3,703,822</u>		
Total investments measured at fair value		<u>\$ 67,668,946</u>		

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases/ Transfers	Decreases / Transfers	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,912,827	\$ -	\$ -	\$ 4,912,827
Construction in progress	6,518,592	7,863,520	10,260,379	4,121,733
Total capital assets not being depreciated	11,431,419	7,863,520	10,260,379	9,034,560
Capital assets being depreciated:				
Buildings and improvements	132,988,124	2,332,015	-	135,320,139
Machinery and equipment	30,152,506	6,647,571	148,736	36,651,341
Infrastructure	97,738,971	778,990	-	98,517,961
Total capital assets being depreciated	260,879,601	9,758,576	148,736	270,489,441
Less accumulated depreciation for:				
Buildings and improvements	70,210,562	3,298,106	-	73,508,668
Machinery and equipment	20,177,387	1,829,701	148,736	21,858,352
Infrastructure	78,357,766	1,487,241	-	79,845,007
Total accumulated depreciation	168,745,715	6,615,048	148,736	175,212,027
Total capital assets being depreciated, net	92,133,886	3,143,528	-	95,277,414
Governmental activities capital assets, net	\$ 103,565,305	\$ 11,007,048	\$ 10,260,379	\$ 104,311,974
Business-type activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 410,406	\$ -	\$ -	\$ 410,406
Machinery and equipment	3,169,588	76,175	149,387	3,096,376
Total capital assets being depreciated	3,579,994	76,175	149,387	3,506,782
Less accumulated depreciation for:				
Buildings and improvements	300,389	8,023	-	308,412
Machinery and equipment	3,140,307	21,853	89,391	3,072,769
Total accumulated depreciation	3,440,696	29,876	89,391	3,381,181
Total business-type capital assets, net	\$ 139,298	\$ 46,299	\$ 59,996	\$ 125,601

Town of Windsor, Connecticut

Notes to Financial Statements

Note 4. Capital Assets (Continued)

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

Governmental activities:		
Education	\$	3,599,897
General government		488,643
Culture and recreation		514,388
Human services		154,701
Public works		697,989
Public safety		1,159,430
Total depreciation expense – governmental activities	\$	<u>6,615,048</u>
Business-type activities:		
Landfill	\$	26,677
Child development		1,000
Adult caring connection		2,199
Total depreciation expense – business-type activities	\$	<u>29,876</u>

Note 5. Interfund Receivables, Payables and Transfers

During the course of operations, transactions are processed through a fund on behalf of another fund. A summary of interfund balances as of June 30, 2017 is presented below:

	Due From Other Funds	Due To Other Funds
General fund	\$ 475,536	\$ 55,196
Internal service fund	55,196	-
Nonmajor governmental funds	-	475,536
	<u>\$ 530,732</u>	<u>\$ 530,732</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.

Town of Windsor, Connecticut

Notes to Financial Statements

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

Interfund transfers during the year ended June 30, 2017, were as follows:

	Transfers In					Total Transfers Out
	General Fund	Capital Projects Fund	Nonmajor Governmental Fund - Open Space	Nonmajor Governmental Fund - Debt Service Fund	Adult Caring Connection Nonmajor Enterprise Fund	
General Fund	\$ -	\$ 3,314,000	\$ 200,000	\$ 6,768,060	\$ 106,838	\$ 10,388,898
Adult Caring Connection nonmajor enterprise fund	70,090	-	-	-	-	70,090
Total transfers in	<u>\$ 70,090</u>	<u>\$ 3,314,000</u>	<u>\$ 200,000</u>	<u>\$ 6,768,060</u>	<u>\$ 106,838</u>	<u>\$ 10,458,988</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. The Capital Projects Fund received \$2,380,000 from the General Fund General Services Capital Projects budget, \$884,000 from the General Fund Unassigned Fund Balance to fund the Animal Shelter Relocation Project with the State ultimately reimbursing 75 percent of eligible costs, and \$50,000 from the Police Private Duty Fund for the Public Safety Radio System study.

Note 6. Unearned Revenue/Deferred Inflows of Resources

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

	Unavailable Resources	Unearned Revenues
General Fund:		
Property taxes	\$ 1,014,077	\$ -
Advance tax collections	5,107,301	-
Other receivables	72,938	-
	<u>6,194,316</u>	<u>-</u>
Educational Grant Programs Fund:		
Other receivables	-	-
Capital Improvement fund:		
Other receivables	145,842	-
Other nonmajor governmental funds:		
Prepaid program fees	-	725,120
	-	<u>725,120</u>
Total	<u>\$ 6,340,158</u>	<u>\$ 725,120</u>

Town of Windsor, Connecticut

Notes to Financial Statements

Note 7. Long-Term Liabilities

A summary of changes in outstanding long-term obligations during the year ended June 30, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 38,520,000	\$ 15,170,000	\$ 15,350,000	38,340,000	6,000,000
Unamortized premiums	528,733	706,514	269,696	965,551	-
	<u>39,048,733</u>	<u>15,876,514</u>	<u>15,619,696</u>	<u>39,305,551</u>	<u>6,000,000</u>
Other long-term liabilities:					
Compensated absences	861,324	886,984	876,958	871,350	217,840
Net pension liability	15,375,257	-	2,377,566	12,997,691	-
Other post-employment benefits	37,648,195	2,248,955	-	39,897,150	-
	<u>53,884,776</u>	<u>3,135,939</u>	<u>3,254,524</u>	<u>53,766,191</u>	<u>217,840</u>
Governmental activity long-term liabilities	<u>\$ 92,933,509</u>	<u>\$ 19,012,453</u>	<u>\$ 18,874,220</u>	<u>93,071,742</u>	<u>6,217,840</u>
Business-type activities:					
Other long-term liabilities:					
Compensated absences	\$ 64,704	\$ 71,927	\$ 83,236	53,395	13,349
Landfill post closure costs	37,080,000	-	1,020,000	36,060,000	1,442,400
Total other long-term liabilities	<u>37,144,704</u>	<u>71,927</u>	<u>1,103,236</u>	<u>36,113,395</u>	<u>1,455,749</u>
Business-type activity long-term liabilities	<u>\$ 37,144,704</u>	<u>\$ 71,927</u>	<u>\$ 1,103,236</u>	<u>36,113,395</u>	<u>1,455,749</u>

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 7. Long-Term Liabilities (Continued)

General obligation bonds: As of June 30, 2017, the outstanding general obligation bonds of the Town were as follows:

Town of Windsor Debt Outstanding Purpose	Maturity Ranges	Issued	Interest Rate	Original Amount	Balance 06/30/2017
General Purpose:					
Public Refunding	\$190,000 - \$1,330,000	2009	2.00-4.00	\$ 8,806,000	\$ 797,000
Public General Obligation	\$225,000 - \$425,000	2010	3.00-4.00	3,980,000	-
Public Refunding	\$130,000 - \$1,580,000	2010	3.00-5.00	6,096,000	500,000
Public General Obligation	\$232,000 - \$350,000	2011	2.50-3.50	3,450,000	-
Public General Obligation	\$365,000 - \$375,000	2012	2.0	4,490,000	740,000
Public General Obligation	\$410,000 - \$425,000	2013	1.25-2.0	4,085,000	2,731,000
Public General Obligation	\$500,000- \$520,000	2014	2.0-3.0	3,690,000	2,580,000
Public Refunding	\$45,000 - \$1,415,000	2014	2.0-4.0	3,355,000	3,320,000
Public General Obligation	\$235,000-\$270,000	2015	2.0-2.5	3,165,000	2,630,000
Public General Obligation	\$310,000-\$315,000	2016	2.0	3,755,000	3,445,000
Public General Obligation	\$213,000	2017	2.0-4.0	4,260,000	4,260,000
Public Refunding	\$53,000-\$1,573,000	2017	2.0-4.0	5,657,000	5,657,000
Total general purpose				<u>54,789,000</u>	<u>26,660,000</u>
Schools:					
School Refunding	\$190,000 - \$1,330,000	2009	2.00-4.00	9,819,000	913,000
School General Obligation	\$225,000 - \$425,000	2010	3.00-4.00	700,000	-
School Refunding	\$130,000 - \$1,580,000	2010	3.00-5.00	6,209,000	715,000
School General Obligation	\$232,000 - \$350,000	2011	2.50-3.50	1,040,000	-
School General Obligation	\$410,000 - \$425,000	2013	1.25-2.0	950,000	634,000
School General Obligation	\$500,000-\$520,000	2014	2.0-3.0	1,330,000	940,000
School General Obligation Refunding	\$45,000-\$1,415,000	2014	2.0-4.0	915,000	905,000
School General Obligation	\$180,000-\$190,000	2015	2.0-2.5	2,205,000	1,840,000
School General Obligation	\$40,000-\$50,000	2016	2.0	530,000	480,000
School General Obligation	\$82,000-\$87,000	2017	2.0-4.0	1,685,000	1,685,000
School Refunding	\$47,000-\$1,297,000	2017	2.0-4.0	3,568,000	3,568,000
Total schools				<u>28,951,000</u>	<u>11,680,000</u>
Grand total				<u>\$ 83,740,000</u>	<u>\$ 38,340,000</u>

The following is a summary as of June 30, 2017, of the future principal and interest requirements for the Town's general obligation bonds:

Fiscal year ending June 30:	Principal	Interest	Total
2018	\$ 6,000,000	\$ 927,469	\$ 6,927,469
2019	5,565,000	835,475	6,400,475
2020	5,570,000	651,225	6,221,225
2021	4,640,000	495,700	5,135,700
2022	3,530,000	384,155	3,914,155
2023-2027	9,685,000	961,205	10,646,205
2028-2037	3,350,000	497,475	3,847,475
Total	<u>\$ 38,340,000</u>	<u>\$ 4,752,704</u>	<u>\$ 43,092,704</u>

Town of Windsor, Connecticut

Notes to Financial Statements

Note 7. Long-Term Liabilities (Continued)

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

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 222,279,962	\$ 26,660,000	\$ 195,619,962
Unfunded pension benefit obligation	296,373,282	-	296,373,282
Schools	444,559,923	11,680,000	432,879,923
Sewers	370,466,603	-	370,466,603
Urban renewal	321,071,056	-	321,071,056

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or approximately \$691,537,658.

Bonds authorized but unissued: The Town had no bonds authorized but unissued at June 30, 2017.

Bond anticipation notes: The Town did not issue any bond anticipation notes during FY 17.

Bond anticipation note transactions for the year ended June 30, 2017 were as follows:

Outstanding, July 1, 2016	\$ 450,000
New borrowings	-
Repayments	(450,000)
Outstanding, June 30, 2017	<u>\$ -</u>

Note 8. Employee Retirement Plans

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

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

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

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

The membership in the PERS at July 1, 2016, the date of the actuarial valuation, is comprised of the following:

Retirees and beneficiaries currently receiving benefits	201
Vested terminated employees	51
Active members	<u>259</u>
Total	<u>511</u>

Funding policy: The contribution requirements of plan members are established and may be amended by the Town Council and Board of Education, subject to union contract negotiation. Non-affiliated administrative employees and public safety dispatchers are required to contribute 4.50 percent of their earnings. Public works/clerical employees collective bargaining group contribute 4.00 percent. 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 7.25 percent of annual covered payroll. The direct management costs of the plan (fund manager, trustee) are paid for by the Pension Fund. The Town pays the cost of monitoring the plan (advisor) and administering its plan (actuary) through an additional annual budget appropriation. The benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan.

Investments:

Investment policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Plan Committee. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2017.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	Russell 3000 Index	34.25%	2.66%
International Equities	MSCI ACWI ex US	30.00%	5.15%
Fixed Income	Barclays Aggregate Bond Index	9.75%	5.51%
Asset Allocation Funds	GMO Constructed Index	21.00%	6.34%
Real Estate	NCREIF Index	5.00%	3.85%

The long-term expected rate of return on the Town Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Town Plan's target asset allocation as of June 30, 2017 are summarized in the table above.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

Rate of return: For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.56 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate: The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the Town will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net pension liability of the Town: The components of the net pension liability of the Town at June 30, 2017 were as follows:

<u>Net Pension Liability</u>	<u>June 30, 2017</u>
Total pension liability	\$ 80,386,167
Fiduciary net position	67,388,476
Net pension liability	12,997,691
Fiduciary net position as a percentage of total pension liability	83.83%
Covered payroll	14,057,983
Net pension liability as a percentage of covered payroll	92.46%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2015, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2017. There have been no significant changes between the valuation date and the fiscal year end.

Discount rate:

Discount rate	7.25%
Long-term expected rate of return, net of investment expense	7.25%
Municipal bond rate	N/A

Town of Windsor, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

Net pension liability of the Town: The components of the net pension liability of the Town at June 30, 2017 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/16:	\$ 76,623,899	\$ 61,248,642	\$ 15,375,257
Changes for the year:			
Service cost	1,042,455	-	1,042,455
Interest on total pension liability	5,596,678	-	5,596,678
Effect of plan changes	(59,415)	-	(59,415)
Effect of economic/demographic gains or losses	(252,904)	-	(252,904)
Effect of assumptions changes or inputs	1,058,298	-	1,058,298
Benefit payments	(3,622,844)	(3,622,844)	-
Employer contributions	-	1,054,742	(1,054,742)
Member contributions	-	599,123	(599,123)
Net investment income	-	8,123,992	(8,123,992)
Administrative expense	-	(15,179)	15,179
Net changes	3,762,268	6,139,834	(2,377,566)
Balances at 6/30/17	<u>\$ 80,386,167</u>	<u>\$ 67,388,476</u>	<u>\$ 12,997,691</u>

Other key actuarial assumptions:

Valuation date	July 1, 2016
Measurement date	June 30, 2017
Inflation	2.75%
Salary increases including inflation	3.50%
Mortality	RP-2000 Combined Healthy Mortality with generational projection per Scale AA
Actuarial cost method	Entry Age Normal

Sensitivity analysis: The following table presents the net pension liability of the Town, calculated using the discount rate of 7.25 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Net pension liability	<u>\$ 22,360,175</u>	<u>\$ 12,997,691</u>	<u>\$ 5,141,207</u>

Town of Windsor, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

For the year ended June 30, 2017, the Town recognized pension expense of \$3,334,429 for the Town pension. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the Town pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,097	\$ 215,142
Change of assumptions	1,175,328	-
Net Difference between expected and actual earnings	2,122,372	-
Contributions made subsequent to measurement date	-	-
Total	<u>\$ 3,306,797</u>	<u>\$ 215,142</u>

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

Year ended June 30:	
2018	\$ 1,712,600
2019	1,639,664
2020	490,317
2021	(750,926)
Thereafter	-

	Net Pension Liability	Net Pension (Asset)	Pension Expense	Deferred Inflows	Deferred Outflows
Defined Benefit Plan (PERS)	\$ 12,997,691	\$ -	\$ 3,334,429	\$ 215,142	\$ 3,306,797
Connecticut Municipal Retirement System (CMERS)	-	1,930,679	1,128,688	-	3,769,095
Total	<u>\$ 12,997,691</u>	<u>\$ 1,930,679</u>	<u>\$ 4,463,117</u>	<u>\$ 215,142</u>	<u>\$ 7,075,892</u>

The Defined Contribution Plan requires the Town to contribute 5 percent of each participant's salary. Employees are also required to contribute 5 percent 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 \$867,629 at June 30, 2017 and is not reflected in the accompanying financial statements of the Town, as the Town's role in the administration of the Plan is limited.

Connecticut Municipal Employees' Retirement Fund B: All uniformed police officers of the Town of Windsor participate in the Connecticut Municipal Employees Retirement System (CMERS), a defined benefit cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. CMERS is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

Funding policy: Town of Windsor plan members are required by State statute to contribute 5 percent of earnings (based on earnings not being covered by Social Security). Each participating municipality is required to contribute at an actuarially determined rate. The rate for fiscal year 2017 is 14.98 percent of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to CMERS for the years ended June 30, 2017, 2016 and 2015 were \$846,628, \$839,857 and \$914,805, respectively, equal to the required contributions for each year.

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

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

Normal form of benefit: Life annuity.

Year's breakpoint: With respect to the calendar year in which a member terminates service, \$10,700 increased by 6.0 percent each year after 1982, rounded to the nearest multiple of \$100. For 2016, the breakpoint is \$77,600.

Service retirement allowance:

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

Amount of allowance: For members not covered by Social Security: 2 percent of average final compensation times years of service. For members covered by Social Security: 1-1/2 percent of the average final compensation not in excess of the year's breakpoint plus 2 percent of average final compensation in excess of the year's breakpoint, times years of service. The maximum benefit is 100 percent of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers compensation and social security benefits. If any member covered by social security retires before age 62, his/her benefit until he/she reaches age 62 or receives a social security disability award is computed as if he/she were not under social security.

Disability retirement allowance:

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

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

Service connected disability:

Condition for allowance: Totally and permanently disabled from engaging in any gainful employment in the service of the municipality provided such disability has arisen out of and in the course of his/her employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

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

Vesting retirement allowance:

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

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

Death benefit:

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

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

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

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

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

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

Valuation date	7/1/2016
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	23 years
Asset valuation method	5-year smoothed market with 20% recognition of investment gains and losses
Investment rate return*	8.00%, net of investment related expense
Projected salary increases*	4.25-11.00%
Social Security wage base	3.50%
* includes inflation at 3.25%	
Mortality	The RP2000 Mortality Table for Annuitants and Non-Annuitants (set forward one year for males and set back one year for females).

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large Cap U.S. Equities	16%	5.8%
Developed Non-U.S. Equities	14%	6.6%
Emerging Markets (non-U.S)	7%	8.3%
Core Fixed Income	8%	1.3%
Inflation Linked Bonds	5%	1.0%
Emerging Market Bonds	8%	3.7%
High Yield Bonds	14%	3.9%
Real Estate	7%	5.1%
Private Equity	10%	7.6%
Alternative Investments	8%	4.1%
Liquidity Fund	3%	0.4%
	100%	

Town of Windsor, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

Discount rate: the discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,484,576	\$ -
Change of assumptions	-	-
Net Difference between expected and actual earnings	1,437,891	-
Contributions made subsequent to measurement date	846,628	-
Total	<u>\$ 3,769,095</u>	<u>\$ -</u>

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

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Town's share of net pension (asset) liability associated with the Plan	<u>\$ 2,096,010</u>	<u>\$ (1,930,679)</u>	<u>\$ (5,278,998)</u>

Pension asset, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2017, the Town reported an asset of \$1,930,679 for its proportionate share of the net pension (asset) liability related to its participation in CMERS. The net pension (asset) liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on its share of contributions to the CMERS for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016, the Town's proportion was 0.58 percent.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

For the year ended June 30, 2017, the Town recognized pension expense of \$1,128,688 related to the CMERS plan. At June 30, 2017, the Town reported deferred outflows of resources related to pensions from the following sources:

\$846,628 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 712,337
2019	712,338
2020	867,933
2021	629,859
2022	-
Thereafter	-

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

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

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

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$11,590,000 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability for teacher pensions.

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

Normal benefit: A member at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut is eligible for vested benefits of 2 percent of average annual salary times years of credited service (maximum benefit is 75 percent of average annual salary).

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

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

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

Participants are required to contribute 6.0 percent of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2016/2017 school year, \$2,138,229 mandatory contributions were deducted from the salaries of eligible employees who were participants of the System during that school year. The estimated covered payroll for the Town is \$30,775,321.

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

Actuarial assumptions: The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – Jun 30, 2015. The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following key actuarial assumptions:

Inflation	2.75%
Salary increases, including inflation	3.25-6.50%
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 percent

For healthy retirees and beneficiaries, the RPH-2014 White Collar table with employee and annuitant rates blended from the ages 50 to 80 projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using BB improvement scale.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

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

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

Discount rate: The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the Town, calculated using the discount rate of 8.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
State's share of net pension liability associated with the Town	\$ 131,114,939	\$ 106,276,198	\$ 85,278,812

Town of Windsor, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$106,276,198 and 100 percent of the collective net pension liability is allocated to the State. The Town has no proportionate share of net pension liability.

June 30, 2016 is the actuarial valuation date upon which the total pension liability is based. Since the prior valuation, the State adopted new assumptions based on the 2015 Experience Study. The changes in assumptions are summarized below:

Economic assumptions:

1. Reduce the inflation assumption from 3.00% to 2.75%.
2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
4. Slightly modify the merit portion of the salary scale.
5. Reduce the payroll growth assumption from 3.75% to 3.25%.

Demographic assumptions:

6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
7. Increase normal retirement rates for females at most ages and pro-ratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
8. Increase rates of withdrawal.
9. Decrease rates of disability for males.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2017, the Town recognized \$11,590,000 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 9. Other Post-Employment Benefits

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

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

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

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, 2015:

Retirees and beneficiaries receiving benefits	216
Active plan members	685
Total	<u>901</u>

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

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 6,227,743	\$ 2,595,904	41.68%	\$ 33,617,183
6/30/16	\$ 6,624,331	\$ 2,593,319	39.15%	\$ 37,648,195
6/30/17	\$ 4,659,894	\$ 2,410,939	51.74%	\$ 39,897,150

Town of Windsor, Connecticut

Notes to Financial Statements

Note 9. Other Post-Employment Benefits (Continued)

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)	Covered Payroll
7/1/15	\$ 407,000	\$ 52,676,000	\$ (52,269,000)	0.8%	\$ 45,661,000

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	\$ 4,883,931
Interest on net pension obligation	1,882,410
Adjustment to annual required contribution	<u>(2,106,447)</u>
Annual OPEB cost	4,659,894
Contributions made	<u>2,410,939</u>
Increase in net OPEB liability	2,248,955
Net OPEB obligation, beginning of year	<u>37,648,195</u>
Net OPEB obligation, end of year	<u><u>\$ 39,897,150</u></u>

Actuarial assumptions are as follows:

Valuation date	July 1, 2015
Actuarial cost method	Projected Unit Credit
Asset funding method	N/A
Amortization method	Level Percent (closed)
Remaining amortization period	30 Years Decreasing (non-police), 20 years
Valuation type	Decreasing(Police)
Actuarial assumptions	Closed Group
Discount rate	5.00%
Inflation rate	2.70%
Amortization growth rate	3.00%

Town of Windsor, Connecticut

Notes to Financial Statements

Note 9. Other Post-Employment Benefits (Continued)

Health cost trend rates	Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:
	Initial inflation rate: 5.6%
	Ultimate inflation rate: 4.6%
	Years until ultimate inflation rate 69 years for pre-65; 84 years for post-65

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

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

The Town performed an actuarial valuation as of July 1, 2015, which will be used to determine the June 30, 2017 and 2018 annual contribution. The July 1, 2015 valuation shows an actuarial accrued liability of \$52,676,000.

Investments:

Investment policy: The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

Rate of return: For the year ended June 30, 2017, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	<u>OPEB Plan</u>
Rate of return	10.39%

Town of Windsor, Connecticut

Notes to Financial Statements

Note 9. Other Post-Employment Benefits (Continued)

Net OPEB liability of the Town: The components of the net OPEB liability of the Town at June 30, 2017 were as follows:

	Net OPEB Liability as of June 30, 2017	OPEB Plan
Total OPEB liability		\$ 76,073,699
Plan fiduciary net position		1,337,839
Net OPEB liability		74,735,860
Plan fiduciary net position as a percentage of total OPEB liability		1.76%

Assumed rate of return: The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are included in the OPEB plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of July 1, 2015, and the final vestment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Core Fixed Income	35.00%	2.52%
US Large Caps	36.00%	3.61%
Non-US Equity	24.00%	4.59%
US REITS	5.00%	3.28%
	<u>100.00%</u>	
Long-Term Inflation Expectation		
Long-term expected nominal return		

The Town's net OPEB liability will be required to be recorded on the government-wide financial statement of net position at July 1, 2017.

Discount rate: The discount rate used to measure the total OPEB liability was 3.58%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Also, based on the net position of the plans and contribution policies, it was assumed the plan's projected fiduciary net position would be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rates of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 9. Other Post-Employment Benefits (Continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.6% decreasing to 3.6%) or 1 percentage point higher (6.6% decreasing to 5.6%) than the current healthcare cost trend rates:

Net OPEB Liability	Healthcare Cost Trend Rates (4.6% decreasing to 3.6%)	1.0% Decrease (5.6% decreasing to 4.6%)	1.0% Increase (6.6% increasing to 5.6%)
OPEB Plan	\$ 62,134,176	\$ 74,735,860	\$ 90,847,218

Sensitivity of estimates used in calculating the net OPEB liability: The following presents the net OPEB liability of the City, calculated using the discount rate of 3.58%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the rate utilized.

Net OPEB Liability	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
OPEB Plan	\$ 87,870,624	\$ 74,735,860	\$ 64,243,798

Note 10. Risk Management

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

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

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

Town of Windsor, Connecticut

Notes to Financial Statements

Note 10. Risk Management (Continued)

The Town is self-insured for health benefits. Claim activity and service fees are accounted for in a self-insurance reserve fund. The Town has Individual Stop Loss (ISL) coverage that limits the Town's liability to \$175,000 annually. On an aggregate basis, the Town's liability is limited to 125 percent of expected claims (approximately \$3,200,000). Claims exceeding the Town's maximum liability are fully insured through stop loss coverage (Aggregate and ISL). Anthem, the provider, administers the payment of claims and calculates and provides the accrued liability at year-end based on prior claims experience and the amount of unsettled claims outstanding on an actuarial basis. Arthur J. Gallagher & Co., the Town's consultant, analyzes claims and advises the Town on all health insurance related issues. Conservatively, through the budget process and available reserves, the Town will project to have at a minimum, the Town's maximum liability available to process expected claims.

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

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

Workers' Compensation / Heart and Hypertension / Liability	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,
2015-16	\$ 1,645,468	\$ 1,968,514	\$ 1,680,313	\$ 1,933,669
2016-17	1,933,669	1,729,340	1,712,373	1,950,636

Town - Health / Medical	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,
2015-16	\$ 200,724	\$ 3,973,410	\$ 4,011,555	\$ 162,579
2016-17	162,579	4,397,983	4,342,831	217,731

BOE - Health / Medical	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,
2015-16	\$ 452,748	\$ 9,691,990	\$ 9,662,039	\$ 482,699
2016-17	482,699	10,108,140	10,105,647	485,192

Town of Windsor, Connecticut

Notes to Financial Statements

Note 10. Risk Management (Continued)

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

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

Note 11. Contingencies

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

As a member of the Metropolitan District (a quasi-municipal corporation that provides water supply and sewage collection and disposal facilities for members), the Town is contingently liable for \$83,328,020 or 8.78% of the debt of the District.

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

Note 12. Landfill Closure and Post-closure Care Costs

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

The \$36,060,000 reported as landfill closure and post-closure care liability at June 30, 2017, is \$1,020,000 less than the liability reported on June 30, 2016. This decrease, or adjustment in estimated closure costs accrued to date, directly decreases the operating income for the Landfill Enterprise Fund in fiscal year 2017. These amounts are based on what it would cost to perform all closure and post-closure care at 2017 prices with a third party performing all closure work. Actual costs may also change based on inflation, compliance with the State of Connecticut stewardship permit, changes in technology, changes in the regulations, or if some or most of the work is performed by staff. The engineering analysis assumes that numerous engineering and construction procedures will be required.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 12. Landfill Closure and Post-closure Care Costs (Continued)

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

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

Note 13. Fund Deficit

The following fund had a net fund deficit as of June 30, 2017:

Landfill Fund	<u>\$9,818,956</u>
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The fund deficit will be funded using the Landfill Fund cash and investments and if needed by the General Fund once the Landfill Fund cash and investments are exhausted.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 14. Fund Balances

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

	General Fund	Capital Projects	Nonmajor Governmental Funds
Fund balances:			
Non-spendable:			
Inventories	\$ 33,842	\$ -	\$ 14,320
Prepaid expenses	628,000	-	5,620
Scholarship fund principal	-	-	13,000
Total nonspendable	661,842	-	32,940
Restricted:			
Scholarship funding	-	-	2,220
Library operations & recreation	-	-	71,612
Human services programs	-	-	226,997
Public safety programs	-	-	106,109
Road construction and maintenance	-	-	1,095,434
Community development block grant loans	-	-	2,189,072
Education	-	-	331,734
Road and sidewalk construction and maintenance	-	438,992	-
School capital improvements	-	35,729	-
Other capital projects	-	150,389	-
Other programs	-	-	58,103
Total restricted	-	625,110	4,081,281
Committed:			
Open space program	-	-	728,394
School capital improvements	-	2,348,854	-
Road and sidewalk construction and maintenance	-	3,710,134	-
Other capital projects	-	2,751,800	-
Debt Service	-	-	1,128,320
Total committed	-	8,810,788	1,856,714
Assigned:			
Subsequent year expenditures	900,000	-	-
Education	411,260	-	77,557
General government activities	354,328	-	-
Recreation programs	1,086,200	-	-
Clinic services	68,128	-	-
Public safety and police private duty	856,156	-	-
Building maintenance	498,566	-	-
Community development	-	-	291,150
Other capital projects	-	713,700	-
Total assigned	4,174,638	713,700	368,707
Unassigned	20,330,482	-	-
Total fund balance	\$ 25,166,962	\$ 10,149,598	\$ 6,339,642

Encumbrances contained in the above table are as follows: \$529,688 in the General Fund, \$4,971,797 in the Capital Projects Fund, and \$20,000 in Nonmajor Governmental Funds.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 15. Tax Abatements

The Town of Windsor has the authority to offer economic development incentives in the form of local tax abatements to eligible applicants for both real property and manufacturing machinery and equipment. The statutory authority for these abatements are in accordance with Connecticut General Statutes Sec. 2-65(b). The Town had tax abatement agreements with four entities as of June 30, 2017:

Company Name	Description	Percentage of Taxes Abated in FY17	Amount of Taxes Abated in FY17
Windsor Station	Apartment Complex	0%	\$ -
Amazon.com Inc.	Fulfillment Center	0%	-
Dollar Tree inc.	Distribution Center	35%	440,674.19
Leipold Inc.	Precision Manufacturer	0%	-

Note 16. Governmental Accounting Standards Board (GASB) Statements

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

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

- In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017.
- In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2018.

Town of Windsor, Connecticut

Notes to Financial Statements

Note 16. Governmental Accounting Standards Board (GASB) Statements (Continued)

- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019.
- In March 2017, the GASB issued Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017.
- In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017.
- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020.

**Required Supplementary
Information - Unaudited**

Town of Windsor, Connecticut

**Required Supplementary Information - unaudited
Schedule of Investment Returns - Defined Benefit Plan
Last Four Fiscal Years**

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment income*	13.56%	-2.01%	1.45%	16.25%

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

Town of Windsor, Connecticut

**Required Supplementary Information - unaudited
Schedule of Employer Contributions - Defined Benefit Plan
Last Ten Fiscal Years**

	Schedule of Contributions - Pension									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 1,054,742	\$ 1,026,539	\$ 998,378	\$ 1,311,760	\$ 1,367,561	\$ 1,334,389	\$ 1,273,290	\$ 843,833	\$ 834,453	\$ 827,855
Contributions in relation to the actuarially determined contribution	1,054,742	1,026,539	998,378	1,311,760	1,367,561	1,334,389	1,273,290	843,833	834,453	827,855
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	14,057,983	14,982,909	15,744,000	15,947,000	15,895,000	15,782,000	15,875,000	15,672,000	15,265,000	14,776,000
Contributions as a percentage of covered-employee payroll	7.50%	6.85%	6.34%	8.23%	8.60%	8.46%	8.02%	5.38%	5.47%	5.60%

Town of Windsor, Connecticut

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

Changes in Net Pension Liability	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ 1,042	\$ 1,090	\$ 1,145	\$ 1,206
Interest on total pension liability	5,597	5,385	5,193	4,973
Effect of plan changes	(59)	-	-	-
Effect of economic/demographic gains or (losses)	(253)	20	(179)	(41)
Effect of assumption changes or inputs	1,058	1,007	-	-
Benefit payments	(3,623)	(3,481)	(3,211)	(3,112)
Net change in total pension liability	3,762	4,021	2,948	3,026
Total pension liability, beginning	76,624	72,603	69,655	66,629
Total pension liability, ending (a)	80,386	76,624	72,603	69,655
Fiduciary net position:				
Employer contributions	\$ 1,055	\$ 1,027	\$ 998	\$ 1,312
Member contributions	599	509	613	618
Investment income net of investment expenses	8,124	(1,271)	931	9,135
Benefit payments	(3,623)	(3,481)	(3,211)	(3,112)
Administrative expenses	(15)	(19)	(13)	(58)
Net change in plan fiduciary net position	6,140	(3,235)	(682)	7,895
Fiduciary net position, beginning	61,249	64,485	65,167	57,272
Fiduciary net position, ending (b)	67,389	61,249	64,485	65,167
Net pension liability, ending = (a) - (b)	\$ 12,997	\$ 15,375	\$ 8,118	\$ 4,488
Fiduciary net position as a % of total pension liability	83.83%	79.93%	88.82%	93.56%
Covered payroll	\$ 14,057	\$ 14,983	\$ 15,744	\$ 15,947
Net pension liability as a % of covered payroll	92.46%	102.62%	51.56%	28.14%

NOTE: As 2014 is the implementation year, only 2014, 2015, 2016 and 2017 information is available. Ten year information will be presented as each year becomes available

Town of Windsor, Connecticut

**Schedule of Contributions - Connecticut Municipal Employees' Retirement System (CMERS)
 Required Supplementary Information - unaudited
 Last Three Fiscal Years**

Measurement Period Ended June 30,	2017	2016	2015
Actuarially determined contribution	\$ 846,628	\$ 839,857	\$ 914,805
Contribution in relation to the actuarially determined contribution	846,628	839,857	914,805
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 5,533,389	\$ 5,759,928	\$ 5,528,217
Contributions as a percentage of covered- employee payroll	15.30%	14.58%	16.55%

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

Town of Windsor, Connecticut

**Schedule of the Town's Proportionate Share of the Net Pension Liability -
Connecticut Municipal Employees' Retirement System (CMERS)
Required Supplementary Information - unaudited
Last Three Fiscal Years**

	2017	2016	2015
Town's proportion of the net pension liability	0.000000%	0.000000%	0.000000%
Town's proportionate share of the net pension (asset) liability	\$ (1,930,679)	\$ (3,332,712)	\$ (3,947,859)
Town's covered-employee payroll	<u>\$ 5,533,389</u>	<u>\$ 5,759,928</u>	<u>\$ 5,528,217</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>-34.89%</u>	<u>-57.86%</u>	<u>-71.41%</u>
System fiduciary net position as a percentage of the total pension liability	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>

Town of Windsor, Connecticut

**Schedule of the Town's Proportionate Share of the Net Pension Liability -
Teachers' Retirement System
Required Supplementary Information - unaudited
Last Three Fiscal Years**

	2017	2016	2015
Town's proportion of the net pension liability	0.0%	0.0%	0.0%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>\$ 106,276,198</u>	<u>\$ 81,836,695</u>	<u>\$ 75,641,625</u>
Total	<u>\$ 106,276,198</u>	<u>\$ 81,836,695</u>	<u>\$ 75,641,625</u>
Town's covered-employee payroll	<u>\$ 30,775,321</u>	<u>\$ 30,419,140</u>	<u>\$ 29,228,000</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0%</u>	<u>0%</u>	<u>0%</u>
System fiduciary net position as a percentage of the total pension liability	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Notes to Schedule

Change in benefit terms	None
Changes of assumptions	During 2016, rates of inflation, real rate of return, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market

Town of Windsor, Connecticut

**Required Supplementary Information - unaudited
 Schedule of Funding Progress and Schedule of Employer Contributions –
 Other Post-Employment Benefits
 Last Eight Fiscal Years**

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%
July 1, 2013	\$ -	\$ 71,595,000	\$ (71,595,000)	0.0%
July 1, 2015	\$ 407,000	\$ 52,676,000	\$ (52,676,000)	0.8%

Schedule of Employer Contributions

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2010	\$ 7,185,000	29.02%
2011	7,118,000	29.04%
2012	7,681,000	29.72%
2013	7,258,000	28.20%
2014	7,831,000	28.60%
2015	6,299,617	41.20%
2016	6,762,112	38.40%
2017	4,883,931	49.36%

Town of Windsor, Connecticut

**Required Supplementary Information - unaudited
Schedule of Contributions - OPEB Plan
Last Ten Fiscal Years***

	Schedule of Contributions - OPEB Plan									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Actuarially determined contribution	\$ 4,883,931	\$ 6,762,112	\$ 6,299,617	\$ 7,831,000	\$ 7,258,000	\$ 7,681,000	\$ 7,118,000	\$ 7,185,000	\$ 6,389,000	
Contributions in relation to the actuarially determined contribution	2,410,939	2,593,319	2,595,904	2,240,000	2,047,000	2,283,000	2,067,000	2,085,000	1,898,000	
Contribution deficiency (excess)	\$ 2,472,992	\$ 4,168,793	\$ 3,703,713	\$ 5,591,000	\$ 5,211,000	\$ 5,398,000	\$ 5,051,000	\$ 5,100,000	\$ 4,491,000	
Covered-employee payroll	\$ 45,660,809	\$ 44,515,553	\$ 44,515,553	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	5.28%	5.83%	5.83%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

Town of Windsor, Connecticut

**Required Supplementary Information - unaudited
Schedule of Changes in the Town's OPEB Liability and Related Ratios (in 1,000s)
Last Fiscal Year***

	OPEB Plan 2017
Changes in Net OPEB Liability	
Total pension liability:	
Service cost	\$ 3,121
Interest	2,393
Differences between expected and actual experience	-
Changes in assumptions	(9,284)
Benefit payments, including refunds of member contributions	(1,961)
Net change in total OPEB liability	<u>(5,731)</u>
Total pension liability, beginning	<u>81,805</u>
Total OPEB liability, ending (a)	<u>76,074</u>
Fiduciary net position:	
Employer contributions	2,411
Member contributions	-
Investment (loss) income net of investment expenses	122
Benefit payments, including refunds of member contributions	(1,961)
Administrative expenses	(1)
Other	-
Net change in plan fiduciary net position	<u>571</u>
Fiduciary net position, beginning	<u>766</u>
Fiduciary net position, ending (b)	<u>1,337</u>
Net OPEB liability, ending = (a) - (b)	<u><u>\$ 74,737</u></u>
Fiduciary net position as a % of total OPEB liability	1.76%
Covered payroll	\$ 45,661
Net OPEB liability as a % of covered payroll	163.68%

*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

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, 2017

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 92,250,720	\$ 92,250,720	\$ 93,636,439	\$ 1,385,719
Licenses and permits	628,560	628,560	1,228,078	599,518
Fines, forfeitures and penalties	38,000	38,000	38,990	990
Other agencies	111,830	111,830	126,280	14,450
Intergovernmental	15,624,550	15,624,550	15,344,798	(279,752)
Revenues from use of assets	548,830	548,830	655,363	106,533
Charges for services	760,500	760,500	1,073,207	312,707
Total revenues	109,962,990	109,962,990	112,103,155	2,140,165
Expenditures:				
Current:				
General government	991,110	991,110	933,959	57,151
Safety service	9,965,720	9,965,720	9,617,229	348,491
Public works	5,346,700	5,244,030	5,116,458	127,572
Health services	471,410	471,410	462,413	8,997
Human services	883,670	883,670	874,053	9,617
Recreation and leisure services	1,450,120	1,106,510	1,105,160	1,350
Education	67,471,330	67,347,730	67,238,680	109,050
Town support for education	4,825,360	2,262,360	2,231,036	31,324
Library services	1,612,660	1,612,660	1,609,488	3,172
Development services	1,800,720	1,800,720	1,742,351	58,369
Information services	447,510	447,510	441,400	6,110
Administrative services	2,224,840	2,224,840	2,164,790	60,050
Community development	93,860	129,770	129,770	-
General services	13,351,070	6,443,070	6,182,777	260,293
Total expenditures	110,936,080	100,931,110	99,849,564	1,081,546
Revenues over (under) expenditures	(973,090)	9,031,880	12,253,591	3,221,711
Other financing sources (uses):				
Transfers in	73,090	73,090	70,090	(3,000)
Transfers out	-	(10,004,970)	(10,004,970)	-
Use of fund balance	-	(1,092,573)	(1,092,573)	-
Total other financing sources (uses)	73,090	(11,024,453)	(11,027,453)	(3,000)
Net change in budgetary fund balance	\$ (900,000)	\$ (1,992,573)	1,226,138	\$ 3,218,711
Budgetary fund balance, beginning			20,666,186	
Budgetary fund balance, ending			21,892,324	
Less:				
Inventory			(33,842)	
Prepaid expenses			(628,000)	
FY 18 appropriation of fund balance			(900,000)	
Unassigned fund balance, ending			20,330,482	
Unassigned, beginning			19,642,852	
Net change in unassigned fund balance			\$ 687,630	

See notes to required supplementary information.

Town of Windsor, Connecticut

Note to Required Supplementary Information (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 service unit level, i.e., safety services, public works, etc.
- D. The original budget for expenditures, encumbrances and other financing uses was increased by approximately \$1,092,573 as a result of fund balance and revenue appropriations during the year ended June 30, 2017. 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	\$ 125,360,155	\$ 124,585,624
State teachers retirement payments made by State Department of Education on behalf of the Town, not recognized for budgetary purposes	(11,590,000)	(11,590,000)
Reclassified to General Fund, as funds were previously reported as special revenue funds, and no longer meet the definition in accordance with GASB 54.	(1,596,910)	(1,594,791)
Encumbrances:		
June 30, 2016	-	(983,414)
June 30, 2017	-	529,688
Balance, budgetary basis	\$ 112,173,245	\$ 110,947,107

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

Town of Windsor, Connecticut

Note to Required Supplementary Information (Unaudited)

Note 1. Budgets and Budgetary Accounting (Continued)

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

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

APPENDIX B – OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder 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 successful bidder.

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 \$6,765,000 General Obligation Bonds, Issue of 2018, dated as of June 28, 2018.

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, however, for tax years beginning prior to January 1, 2018, interest on the Bonds is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the Federal alternative minimum tax for certain corporations; 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, for tax years beginning prior to January 1, 2018, an alternative minimum tax on corporations. The alternative minimum tax on corporations has been repealed for tax years beginning after December 31, 2017. 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.

For tax years beginning prior to January 1, 2018, the Code provides, however, that for certain 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. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity ("qualified stated interest"), or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity ("original issue discount"). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to short-term debt obligations, taxpayers holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of the Bonds and the treatment elected.

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

STATE OF CONNECTICUT TAX ON INTEREST.

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

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

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

ORIGINAL ISSUE DISCOUNT.

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

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

ORIGINAL ISSUE PREMIUM.

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

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

GENERAL.

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

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

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

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

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of June 28, 2018 by the Town of Windsor, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$6,765,000 General Obligation Bonds, Issue of 2018, dated as of June 28, 2018 (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 12, 2018 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, 2018) as follows:

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

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

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

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

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

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

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

Section 3. Notice of Certain Events.

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

- (e) principal and interest payment delinquencies;
- (f) non-payment related defaults, if material;
- (g) unscheduled draws on debt service reserves reflecting financial difficulties;
- (h) unscheduled draws on credit enhancements reflecting financial difficulties;
- (i) substitution of credit or liquidity providers, or their failure to perform;
- (j) 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;
- (k) modifications to rights of holders of the Bonds, if material;
- (l) Bond calls, if material, and tender offers;
- (m) Bond defeasances;
- (n) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (o) rating changes;
- (p) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (q) 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
- (r) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

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

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

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

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

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

Section 8. Miscellaneous.

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

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

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

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

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

TOWN OF WINDSOR

By: _____
Peter P. Souza
Town Manager

By: _____
James R. Bourke
Finance Director

APPENDIX D - NOTICE OF SALE

**NOTICE OF SALE
\$6,765,000
Town of Windsor, Connecticut
General Obligation Bonds
(BOOK-ENTRY)**

ELECTRONIC BIDS via PARITY® will be received by the Town of Windsor, Connecticut at Day Pitney LLP, Bushnell Conference Room, 242 Trumbull Street, 6th Floor, Hartford, Connecticut, until **11:00 A.M. Eastern Time on TUESDAY,**

JUNE 12, 2018

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

**\$6,765,000 General Obligation Bonds, Issue of 2018
Payable annually on June 15 as follows:**

**\$450,000 in 2019 to 2030
\$455,000 in 2031 to 2033**

The Bonds will be dated June 28, 2018, with interest payable on December 15, 2018 and thereafter semiannually on each June 15th and December 15th.

The Town will designate the Bonds 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.

The Bonds will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book Entry. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

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 to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the last business day of November and May.

Redemption. Bonds maturing on or before June 15, 2023 are not subject to redemption prior to maturity. Bonds maturing on June 15, 2024 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after June 15, 2023, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
June 15, 2023 and thereafter	100%

Proposals. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three (3%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice and the form of Proposal for Bonds.

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to June 28, 2018, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Establishment of Issue Price. The winning bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by the Town’s Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town’s Municipal Advisor.

By submitting a bid for the Bonds, a bidder represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Bonds for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

The Town intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:

- (1) the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

- (4) the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Town the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Bonds of that maturity or the sale of all Bonds of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “Public” means any person other than an Underwriter or a Related Party,
- (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
- (iii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “Sale Date” means the date that the Bonds are awarded by the Town to the winning bidder.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, 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, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and 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; however, for tax years beginning prior to January 1, 2018, interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the Federal alternative minimum tax and for certain corporations; *and the Bonds are "qualified tax-exempt obligations";* and (3) that, under existing statutes, 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.

Municipal Advisor. The Town of Windsor has retained Independent Bond and Investment Consultants LLC, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

Official Statement. The Town of Windsor has prepared a preliminary Official Statement for the Bond issue which is dated June 5, 2018. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 25 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's Municipal Advisor by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement for Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2 12, (i) annual financial information and operating data, (ii) timely 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. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Bonds prior to delivery. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about June 28, 2018 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Mark N. Chapman, Independent Bond and Investment Consultants LLC, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 (telephone: (230) 245-7264) or from Mr. James R. Bourke, Finance Director, Town of Windsor, Town Hall, P.O. Box 472, 275 Broad Street, Windsor, Connecticut 06095 (telephone: (860) 285-1902).

PETER P. SOUZA,
Town Manager

JAMES R. BOURKE,
Finance Director

June 5, 2018

**APPENDIX TO NOTICE OF SALE
FORM OF ISSUE PRICE CERTIFICATE**

Competitive Sale Requirements Satisfied

**TOWN OF WINDSOR, CONNECTICUT
\$6,765,000 GENERAL OBLIGATION BONDS, ISSUE OF 2018**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of *Name of the Underwriter* ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Underwriter Short Name in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Bonds.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 12, 2018.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) *Issuer* means the Town of Windsor, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Name of the Underwriter

By: _____
Name: _____

Dated: __/__/2018

Attachments:

**SCHEDULE A
EXPECTED OFFERING PRICES**

**SCHEDULE B
COPY OF UNDERWRITER'S BID**

[Remainder of page intentionally left blank]

Competitive Sale Requirements Not Satisfied - 10% Test Applied

**TOWN OF WINDSOR, CONNECTICUT
\$6,765,000 GENERAL OBLIGATION BONDS, ISSUE OF 2018**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. **Sale of the Bonds.** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. **Defined Terms.**

(a) "**Issuer**" means the Town of Windsor, Connecticut.

(b) "**Maturity**" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "**Public**" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "**Underwriter**" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Name of the Underwriter

By: _____
Name: _____

Dated: __/__/2018

Attachment:

**SCHEDULE A
SALE PRICES**

[Remainder of page intentionally left blank]