

## **Final Official Statement Dated March 15, 2017**

### **NEW MONEY ISSUE: Book-Entry-Only**

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 Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; the Notes are "qualified tax-exempt obligations"; interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes 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 Locks, Connecticut**

### **\$8,810,000**

### **General Obligation Bond Anticipation Notes**

**Dated:** March 23, 2017  
**Due:** March 22, 2018  
**CUSIP:** 973653QN1 <sup>1</sup>

**Rate:** 2.00%  
**Yield:** 1.00%  
**Underwriter:** Eastern Bank

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated March 7, 2017. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

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

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Notes will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.

The Notes 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 Notes in book-entry-only form will be made to DTC in New York, New York on or about March 23, 2017.

<sup>1</sup> 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 Notes. 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 Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes 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 Notes.

No dealer, broker, salesman or other person has been authorized by the Town of Windsor Locks, Connecticut (the “Town”) 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 Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Notes 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.

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## **Note Issue Summary**

*The information in this Note Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. This Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Date of Sale:</b>	Wednesday, March 15, 2017 at 11:30 A.M. (Eastern Time).
<b>Location of Sale:</b>	Town Hall, 50 Church Street, Windsor Locks, Connecticut 06096.
<b>Issuer:</b>	Town of Windsor Locks, Connecticut (the "Town").
<b>Issue:</b>	\$8,810,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	March 23, 2017.
<b>Interest Due:</b>	At maturity: March 22, 2018.
<b>Principal Due:</b>	At maturity: March 22, 2018.
<b>Authorization and Purpose:</b>	The Notes are being issued to finance various general purpose, school, and sewer projects. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Notes are NOT subject to redemption prior to maturity.
<b>Security:</b>	The Notes will be general obligations of the Town of Windsor Locks, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
<b>Credit Rating:</b>	The Notes are not rated. The Town's long-term ratings are Aa1 and AA+ from Moody's Investors Service and Standard & Poor's, respectively.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of the dated date. See Appendix D.
<b>Tax Exemption:</b>	See Appendix B - "Opinion of Bond Counsel and Tax Exemption".
<b>Bank Qualification:</b>	The Notes <u>shall be</u> designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Notes.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, timely notices of the occurrence of certain events with respect to the Notes, not in excess of 10 business days of the occurrence of such events, pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form set out in Appendix C to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 283-1110.
<b>Legal Opinion:</b>	Day Pitney LLP, of Hartford, Connecticut.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about March 23, 2017. Delivery of the Notes will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Town should be directed to Amanda Moore, Finance Director, Town Hall, 50 Church Street, Windsor Locks, Connecticut 06096, Telephone: (860) 627-1449 or Mr. Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 283-1110

## **I. Note Information**

### **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 Locks, Connecticut (the "Town"), in connection with the issuance and sale of \$8,810,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

The Notes are being offered for sale at public bidding. Notices of Sale dated March 7, 2017 have been furnished to prospective bidders. Reference is made to the Notices of Sale, which are included as Appendix D for the terms and conditions of the bidding.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. 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, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

U.S. Bank National Association will certify and act as Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Notes.

The presentation of information in this Official Statement 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.

The Town deems this Official Statement to be "final" for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

### **Municipal Advisor**

Phoenix Advisors, LLC, of Milford, Connecticut serves as Municipal Advisor to the Town with respect to the issuance of the Notes (the "Municipal Advisor"). The information in this Official Statement has been prepared by the Town of Windsor Locks, with the help of the Municipal Advisor. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **Description of the Notes**

The Notes will be dated March 23, 2017 and will be due and payable as to both principal and interest at maturity on March 22, 2018. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry-Only Transfer System". The Notes are not subject to redemption prior to maturity.

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Notes. The legal opinion for the Notes will be rendered by Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. See Appendix B "Opinion of Bond Counsel and Tax Exemption".

## Authorization and Purpose

The Notes are issued pursuant to the General Statutes of Connecticut, as amended, the Charter of the Town of Windsor Locks, and to borrowing resolutions approved by the voters of the Town.

<i>Project</i>	<i>Aggregate Amount Authorized</i>	<i>Maturing Notes Due: 3/23/17</i>	<i>New Money or (Paydowns/Grants)</i>	<i>This Issue: The Notes Due: 3/22/18</i>
Roadway Infrastructure 2015.....	\$ 1,150,000	\$ 1,001,000	\$ -	\$ 1,001,000
High School ADA Code Improvements.....	250,000	83,000	(4,500)	78,500
School HVAC Improvements.....	730,000	191,000	(9,550)	181,450
School Windows.....	7,555,000	1,325,000	(368,000)	957,000
Roadway Infrastructure 2016 (FY17) .....	1,535,000	-	1,535,000	1,535,000
Middle School Partial Roof Replace .....	435,000	-	435,000	435,000
WPCA Projects .....	6,700,000	-	4,622,050	4,622,050
<b>Total .....</b>	<b>\$ 18,355,000</b>	<b>\$ 2,600,000</b>	<b>\$ 6,210,000</b>	<b>\$ 8,810,000</b>

## Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered Notes 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 Note certificate will be issued for each interest rate of the Notes, 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 issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 the Notes with DTC and their registration in the name of Cede & Co. or such

other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and Interest on, and redemption premium, if any, with respect to the Notes 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 Notes 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, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

### ***DTC Practices***

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Notes 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.

## ***Replacement Securities***

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

## ***Security and Remedies***

The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from general property tax revenues. The Town has the power under Connecticut 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 land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. 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 the Town the amount of the 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 Notes 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 Notes.

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 Notes 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 power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor 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 Notes 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 HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.***

**Qualification for Financial Institutions**

The Notes 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 Notes.

**Availability of Continuing Information**

The Town prepares, in accordance with state law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management, within six months of the end of its fiscal year.

The Town will enter into Continuing Disclosure Agreements with respect to the Notes, substantially in the form included in Appendix C to this Official Statement, to provide or cause to be provided, in accordance with the requirements of the Securities and Exchange Commission Rule 15c2-12 (the "Rule"), timely notices of the occurrence of certain events with respect to the Notes within 10 business days of the occurrence of such events.

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 event notices pursuant to Rule 15c2-12(b)(5). For the past five years, the Town has not failed to meet any of its undertakings under such agreements.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's EMMA system.

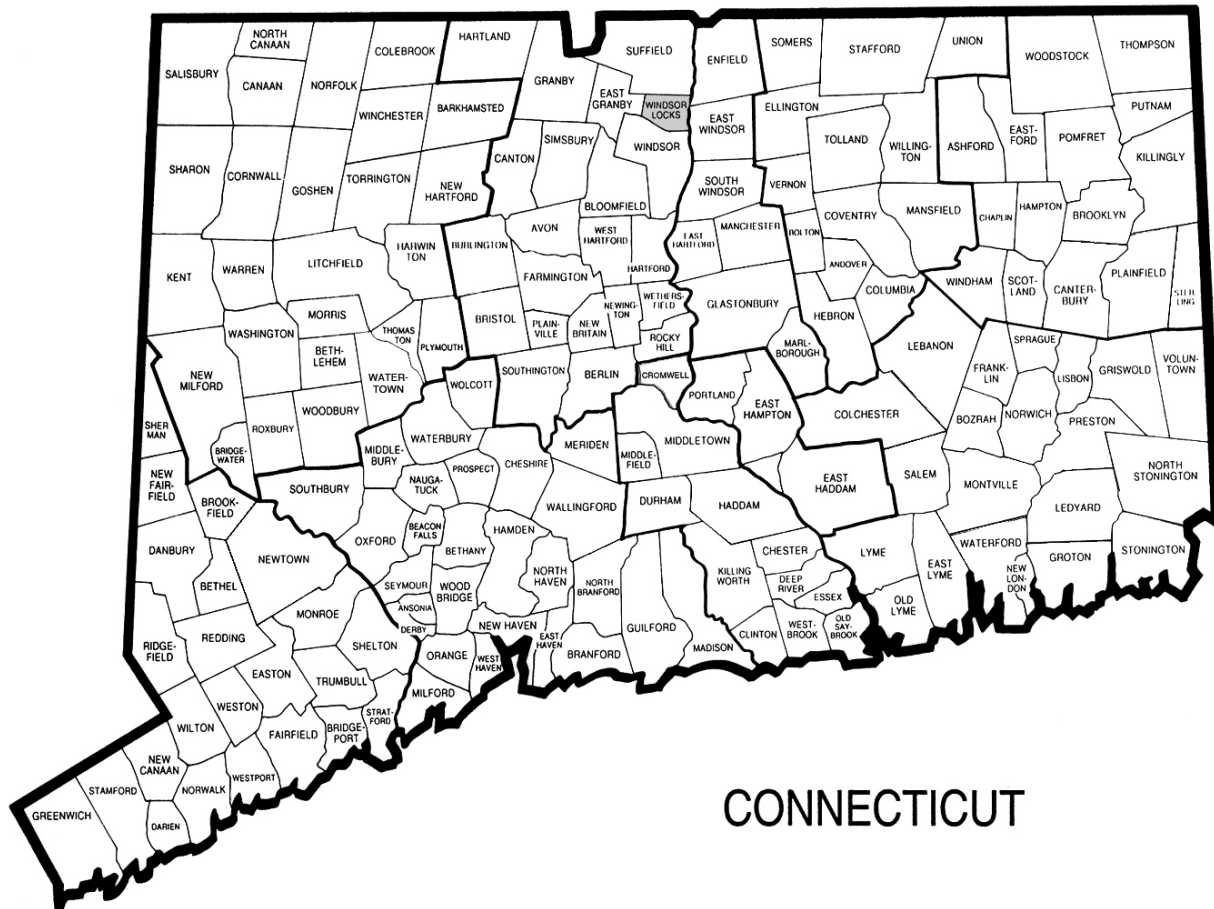
**Ratings**

The Notes will not be rated. The Town's underlying bond ratings are "Aa1" from Moody's Investors Service ("Moody's") and "AA+" from Standard & Poor's Global Ratings.

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## II. The Issuer



### **Description of the Municipality**

Windsor Locks, settled as part of Windsor in 1663, was incorporated as a separate town in 1854. It covers 9.6 square miles divided approximately as follows: three square miles for Bradley International Airport, three square miles of industrial and commercial zones, and three square miles of residential zone. The Town is located on the west bank of the Connecticut River, 12 miles north of Hartford, Connecticut and 13 miles south of Springfield, Massachusetts.

Interstate Highway 91 traverses Windsor Locks, running from New Haven north through Hartford, onto Massachusetts and Vermont to the Canadian border. State routes 20, 75, 140 and 159 pass through the Town.

Rail service is provided by the north-south ConRail tracks with spurs into Bradley International Airport and two industrial parks adjacent to the airport. The Town is the home of Bradley International Airport, the second largest airport in New England in passenger and cargo volume. The airport is served on a daily basis by 8 major airlines with nonstop transcontinental service as well as domestic and local service carriers.

## **Form of Government**

Pursuant to its home-rule charter, Windsor Locks has a Town Meeting form of government with a three-member Board of Selectmen and a Board of Finance consisting of six members. Elections are held biennially in November in every odd-numbered year. The inhabitants have the powers and privileges conferred and granted to towns and cities under the Constitution and the General Statutes of the State of Connecticut.

The First Selectman is the full-time chief executive and administrative officer of the Town and oversees the execution of all laws and ordinances governing the Town. The First Selectman presides over the Board of Selectmen and has full voting privileges on the Board. The First Selectman, with the approval of the Board of Selectmen, appoints members to various commissions and boards.

The Board of Finance is responsible for proposing annual budgets and special appropriations for approval by the town meeting.

The Town's full-time professional staff includes a Finance Director who is responsible for the coordination of the activities of the accounting staff and treasury management functions of the Town. In addition, the Finance Director is responsible for assisting the Board of Finance in the preparation of the annual budget; the day-to-day administration of the adopted budget; the maintenance of the general ledgers of the various funds and account groups of the Town; financial planning and cost accounting; data processing; financial report preparation; and supervision of the annual independent audit. The Finance Director is also responsible for the investment of all Town funds.

### **Town Officials**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Expiration of Term</b>
First Selectman .....	J. Christopher Kervick	Elected / 2 Years	11/17
Selectman .....	Denise T. Balboni	Elected / 2 Years	11/17
Selectman .....	Michelle Hill	Elected / 2 Years	11/17
Finance Director/Deputy Treasurer .....	Amanda Moore	Appointed / Indefinite	N/A
Chairman, Board of Finance .....	Paul Harrington	Elected / 2 Years	11/17
Town Clerk .....	William R. Hamel	Elected / 4 Years	1/18
Town Treasurer .....	William R. Hamel	Elected / 2 Years	11/17
Tax Collector .....	Peter Juszczynski	Elected / 2 Years	11/17
Superintendent of Schools .....	Susan Bell	Appointed / Indefinite	N/A

## **Municipal Services**

**Police Protection:** The Windsor Locks Police Department is a full service municipal law enforcement agency that currently has an authorized strength of twenty-seven (27) sworn officers and nine (9) non-sworn positions. The Department strives to provide professional service to the community with 24 hour patrol services and support services such as Detective Division, School Resource Officer (SRO), DARE, Police K-9, and anti-crime patrols. The Police Department is located at the Public Safety Complex at 4 Volunteer Drive, Windsor Locks, Connecticut.

**Fire Protection:** The Windsor Locks Volunteer Fire Department operates one central station. Apparatus includes three "Class A" pumpers, one aerial truck, and a rescue unit. The department's volunteer force has a staff of 54 which includes eleven officers. The homes of the volunteer force are equipped with radio monitors.

**Sewage Disposal:** The treatment facility treats approximately 1.2 million gallons of sewage per day. The plant has a total capacity of 2.1 million gallons per day.

**Solid Waste:** The Town has executed a Service Contract (the “Service Contract”) with Covanta Springfield, LLC for the disposal of solid waste. The Service Contract became effective upon execution, November 2015 and will remain in effect for three years with the option to extend on a year to year basis. The Town’s tipping fee for fiscal year 2016-17 is \$62.99 per ton and will increase by the annual CPI in November of each year.

The Town of Windsor Locks continues to expand its extensive recycling program first begun in July, 1998. The Town began single-stream recycling in 2009.

**Water:** Windsor Locks is one of 56 communities served by the Connecticut Water Company, which serves nearly 90,000 customers, 5,075 of which are served by 64 miles of pipe in Windsor Locks.

**Utilities:** Electricity for the Town is provided by Eversource.

**Human Services:** The Human Services Department is responsible for providing a wide variety of social services to Town residents of all age groups. Among the programs administered by the department are: general assistance, energy assistance, property tax relief program, and food pantry. Discretionary assistance is also available to those who do not qualify for other programs.

**Health Services:** Windsor Locks is a member of the North Central Health District with offices in Enfield. Each member town contributes financially to the operation of the district based on its respective population. Numerous services are provided under several programs including Home Health, Community Health, Mental Health, Home Maintenance Management and the Meals on Wheels Program. Within these programs, special services are also available including Hospice, Mental Health After Care, Alzheimer’s, Private Duty Registry, Maternal Child Health, Senior Citizen Health and the Substance Abuse Program.

**Senior Citizens:** A Senior Citizens Center is available to the residents of Windsor Locks. Various recreational programs as well as a daily lunch program are provided. The Town also has available a mini-bus service for its senior and handicapped citizens.

## **Educational Services**

### **School Enrollment**

<b>School Year</b>	<b>Grades Pre-K - 5</b>	<b>Grades 6 - 8</b>	<b>Grades 9 - 12</b>	<b>Outplaced</b>	<b>Total</b>
<b>Historical</b>					
2008–09	860	413	574	140	1,987
2009–10	829	442	551	-	1,822
2010–11	827	414	544	-	1,785
2011–12	795	394	558	-	1,747
2012–13	788	372	552	151	1,863
2013–14	807	359	517	26	1,709
2014–15	810	355	457	130	1,752
2015-16	809	348	465	142	1,764
2016-17	780	345	449	154	1,728
<b>Projected</b>					
2017-18	768	354	457	147	1,726
2018-19	783	363	450	150	1,746
2019-20	811	454	453	152	1,870

*Source: Town of Windsor Locks, Board of Education.*

### School Facilities

School	Grades	Date of Construction (Latest Additions)	Number of Classrooms	Enrollment as of 10/1/2016	Operating Capacity
North School .....	Pre-K-2	1958 (1997)	28	439	592
South School .....	3-5	1964 (1997)	29	341	533
Middle School .....	6-8	1954 (1997)	42	345	648
High School .....	9-12	1963 (1997)	35	402	1,116
<b>Total</b> .....			134	1,527	2,889

### Employee Relations and Collective Bargaining Municipal Employees

	2016-17	2015-16	2014-15	2013-14	2012-13
General Government .....	83	85	86	89	86
Board of Education .....	387	387	393	241	239
<b>Total</b> .....	470	472	479	330	325

### Employee Relations

Bargaining Unit	Number of Members	Contract Expiration Date
<b><u>General Government</u></b>		
Highway – N.A.G.E., RI-177 .....	17	6/30/2018
Police – International Brotherhood of Police Officers, Local 523 .....	23	6/30/2019
Water Pollution Control Authority – N.A.G.E., RI-177 .....	9	6/30/2018
Dispatchers – Teamsters 671 .....	5	6/30/2019
Clerical, Town Hall – N.A.G.E., RI-177 .....	10	6/30/2018
Total Organized .....	64	
Non-Union .....	19	
<b>Total</b> .....	83	
<b><u>Board of Education</u></b>		
Administrators – Windsor Locks Administrators Association .....	8	6/30/2017
Teachers – Windsor Locks Teachers Association .....	181	6/30/2019
Custodians – CT Independent Labor Union, Local 8 .....	13	6/30/2018
Secretaries – Service Employees International Union, Local 531 .....	11	6/30/2017
Nurses- CT Health Care Associates, Nationa Union of Hospital and Health Care Employees.....	4	6/30/2017
Food Service- United Public Service Employee Union	19	6/30/2020
Special Education Paraprofessionals – CT Independent Labor Union, Local 4 ...	52	6/30/2017
Total Organized .....	288	
Non-Union .....	99	
<b>Total</b> .....	387	

## ***Binding Arbitration***

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for 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 the 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 party. 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 teachers' contracts, in assessing the financial capability of a town, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any items 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 wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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### III. Economic and Demographic Information

#### Population and Density

Year	Actual		Density <sup>2</sup>
	Population <sup>1</sup>	% Increase	
2015 <sup>3</sup>	12,564	0.5%	1,392.9
2010	12,498	3.8%	1,385.6
2000	12,043	-2.5%	1,335.1
1990	12,358	1.4%	1,370.1
1980	12,190	-19.2%	1,351.4
1970	15,080	32.2%	1,671.8
1960	11,411	--	1,265.1

<sup>1</sup> U.S. Department of Commerce, Bureau of Census.

<sup>2</sup> Per square mile: 9.02 square miles.

<sup>3</sup> American Community Survey 2011-2015

#### Age Distribution of the Population

Age	Town of Windsor Locks		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years .....	568	4.5%	191,445	5.3%
5 to 9 years .....	615	4.9	214,983	6.0%
10 to 14 years .....	627	5.0	231,075	6.4%
15 to 19 years .....	646	5.1	255,286	7.1%
20 to 24 years .....	800	6.4	237,578	6.6%
25 to 34 years .....	1,725	13.7	436,678	12.2%
35 to 44 years .....	1,597	12.7	448,840	12.5%
45 to 54 years .....	2,138	17.0	556,454	15.5%
55 to 59 years .....	980	7.8	259,565	7.2%
60 to 64 years .....	678	5.4	219,040	6.1%
65 to 74 years .....	1,022	8.1	291,955	8.1%
75 to 84 years .....	838	6.7	162,332	4.5%
85 years and over .....	330	2.6	87,991	2.4%
<b>Total</b> .....	12,564	100%	3,593,222	100%
Median Age (Years) 2015.....	42.5		40.4	
Median Age (Years) 2010. <sup>1</sup> .....	43.0		38.5	

<sup>1</sup> U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2011-2015

### Income Distribution

<b>Income</b>	<b>Town of Windsor Locks</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
\$ 0 - \$ 9,999.....	72	2.2%	30,926	3.5%
10,000 - 14,999.....	46	1.4	18,063	2.0%
15,000 - 24,999.....	121	3.7	46,085	5.1%
25,000 - 34,999.....	221	6.8	55,715	6.2%
35,000 - 49,999.....	310	9.6	83,173	9.3%
50,000 - 74,999.....	537	16.6	139,724	15.6%
75,000 - 99,999.....	751	23.2	126,557	14.1%
100,000 - 149,999.....	737	22.8	183,030	20.4%
150,000 - 199,999.....	252	7.8	94,575	10.6%
200,000 and over.....	188	5.8	117,791	13.2%
<b>Total.....</b>	<b>3,235</b>	<b>100.0%</b>	<b>895,639</b>	<b>100.0%</b>

Source: American Community Survey 2011-2015

### Income Levels

	<b>Town of Windsor Locks</b>	<b>State of Connecticut</b>
Per Capita Income, 2015.....	\$ 34,035	\$ 38,803
Median Family Income, 2015.....	\$ 85,202	\$ 89,031
Median Household Income, 2015 .....	\$ 68,944	\$ 70,331

Source: American Community Survey 2011-2015

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

	<b>Town of Windsor Locks</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	292	3.2%	105,725	4.3%
9th to 12th grade.....	573	6.2	144,132	5.9
High School graduate.....	3,309	35.8	673,973	27.4
Some college, no degree.....	2,000	21.6	430,129	17.5
Associate's degree .....	965	10.4	183,289	7.4
Bachelor's degree.....	1,426	15.4	516,001	21.0
Graduate or professional degree.....	743	8.0	409,606	16.6
<b>Total.....</b>	<b>9,247</b>	<b>100.0%</b>	<b>2,462,855</b>	<b>100.0%</b>
Total high school graduate or higher (%).....	90.7%		89.9%	
Total bachelor's degree or higher (%).....	23.3%		37.6%	

Source: American Community Survey 2011-2015

## Major Employers

<i>Employer</i>	<i>Type of Business</i>	<i>Approximate Number of Employees</i>
Bradley International Airport .....	Airport	4,300
UTC Aerospace System .....	Aerospace Manufacturing	3,800
C&S Distributors .....	Warehouse	674
Town of Windsor Locks .....	Municipality	470
United Parcel Service .....	Delivery Service Warehouse	435
Ahlstrom Corporation .....	Specialty Paper Products	350
Bombardier Aircraft Services .....	Aircraft Maintenance	275
Windsor Marketing Group .....	Marketing Service	185
Health New England .....	Healthcare	130
Enterprise Car Rental .....	Car Rentals	100

## Employment by Industry Employed Persons 16 Years and Over

<i>Sector</i>	<i>Town of Windsor Locks</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Agriculture, forestry, fishing and hunting, and mining.....	5	0.1%	7,214	0.4%
Construction.....	295	4.4	100,593	5.6
Manufacturing.....	858	12.7	191,286	10.7
Wholesale trade.....	192	2.8	44,581	2.5
Retail trade.....	791	11.7	193,799	10.9
Transportation warehousing, and utilities....	469	7.0	66,850	3.8
Information.....	49	0.7	41,486	2.3
Finance, insurance, real estate, and leasing..	649	9.6	163,822	9.2
Professional, scientific, management, administrative, and waste management....	661	9.8	199,942	11.2
Education, health and social services.....	1,115	16.5	471,587	26.5
Arts, entertainment, recreation, accommodation and food services.....	1018	15.1	153,516	8.6
Other services (except public admin.).....	287	4.3	79,998	4.5
Public Administration.....	350	5.2	66,743	3.7
<b>Total Labor Force, Employed.....</b>	<b>6,739</b>	<b>100%</b>	<b>1,781,417</b>	<b>100.0%</b>

Source: American Community Survey 2011-2015



## Employment Data

Period	Town of Windsor Locks		Percentage Unemployed		
	Employed	Unemployed	Town of Windsor Locks	Enfield Labor Market	State of Connecticut
	December 2016.....	7,136	290	3.9	4.0
<b>Annual Average</b>					
2016.....	6,998	400	5.4	5.3	5.3
2015.....	6,974	405	5.5	5.3	5.6
2014.....	6,689	454	6.4	6.1	6.7
2013.....	6,520	536	7.6	7.3	7.9
2012.....	6,445	625	8.8	8.1	8.3
2011.....	6,654	606	8.3	8.5	8.8
2010.....	6,642	680	9.3	9.0	9.0
2009.....	6,551	638	8.9	8.2	8.2
2008.....	6,712	415	5.8	5.4	5.7
2007.....	6,739	326	4.6	4.6	4.6

Source: State of Connecticut, Department of Labor.

## Commute to Work

	Town of Windsor Locks		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone .....	5,595	84.5%	1,369,767	78.3%
Car pools .....	839	12.7	143,588	8.2
Used public transportation .....	85	1.3	84,597	4.8
Walked .....	17	0.3	53,146	3.0
Used other means .....	15	0.2	20,584	1.2
Worked at home .....	74	1.1	76,670	4.4
<b>Total</b> .....	6,625	100.0%	1,748,352	100.0%
Mean travel to work (minutes)		22.4		25.4

Source: American Community Survey 2011-2015

## Age Distribution of Housing

Year Built	Town of Windsor Locks		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	893	16.9%	331,829	22.2%
1940 to 1969.....	2,605	49.2	536,501	36.0
1970 to 1979.....	355	6.7	199,447	13.4
1980 to 1989.....	781	14.7	193,595	13.0
1990 to 1999.....	220	4.2	115,076	7.7
2000 or 2009.....	412	7.8	103,911	7.0
2010 or later.....	29	0.5	11,427	0.8
<b>Total Housing Units.....</b>	5,295	100.0%	1,491,786	100.0%

Source: American Community Survey 2011-2015

## Housing Inventory

<b>Housing Units</b>	<b>Town of Windsor Locks</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1-unit, detached.....	3,777	71.3%	882,941	59.2%
1-unit, attached.....	374	7.1	80,636	5.4
2 units.....	276	5.2	121,410	8.1
3 or 4 units.....	262	4.9	132,512	8.9
5 to 9 units.....	134	2.5	82,727	5.5
10 to 19 units.....	240	4.5	55,826	3.7
20 or more units.....	226	4.3	123,561	8.3
Mobile home.....	6	0.1	11,898	0.8
Boat, RV, van, etc.....	-	-	275	0.0
<b>Total Inventory.....</b>	<b>5,295</b>	<b>100.0%</b>	<b>1,491,786</b>	<b>100.0%</b>

Source: American Community Survey 2011-2015

## Housing Vacancy Rates

<b>Housing Units</b>	<b>Town of Windsor Locks</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
Occupied housing units .....	4,976	93.9%	1,352,583	90.7%
Vacant housing units .....	321	6.1%	139,203	9.3%
<b>Total units .....</b>	<b>5,297</b>	<b>100.0%</b>	<b>1,491,786</b>	<b>100.0%</b>
Homeowner vacancy rate .....		0.9		1.8
Rental vacancy rate .....		10.7		6.8

Source: American Community Survey 2011-2015

## Owner Occupied Housing Values

<b>Specified Owner-Occupied Units</b>	<b>Town of Windsor Locks</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	114	3.0%	24,620	2.7%
\$50,000 to \$99,000.....	60	1.6	28,771	3.2
\$100,000 to \$149,999.....	582	15.1	78,066	8.6
\$150,000 to \$199,000.....	1,285	33.4	140,544	15.5
\$200,000 to \$299,999.....	1,318	34.3	251,106	27.7
\$300,000 to \$499,999.....	455	11.8	235,670	26.0
\$500,000 to \$999,999.....	18	0.5	106,965	11.8
\$1,000,000 or more.....	15	0.4	40,485	4.5
<b>Total.....</b>	<b>3,847</b>	<b>100.0%</b>	<b>906,227</b>	<b>100.0%</b>
<b>Median Value.....</b>		<b>\$195,800</b>		<b>\$270,500</b>

Source: American Community Survey 2011-2015

## Building Permits

Ending 6/30	Residential		Commercial / Industrial		Other		All Categories	
	No.	Value	No.	Value	No.	Value	No.	Value
2017 <sup>1</sup>	179	\$ 4,181,271	31	2,626,442	355	\$ 2,187,526	565	\$ 8,995,239
2016	333	6,641,903	50	2,774,737	552	8,478,646	935	17,895,286
2015	346	6,017,867	45	4,588,449	507	4,240,952	898	14,847,268
2014	246	4,173,474	52	5,953,339	415	3,789,331	713	13,916,144
2013	320	5,868,792	51	1,236,790	579	2,425,582	950	9,531,164
2012	292	3,704,388	72	6,069,470	458	3,077,213	822	12,851,071
2011	264	2,563,161	36	6,130,245	394	2,819,562	694	11,512,968
2010	242	4,975,949	45	10,853,136	404	3,166,377	691	18,995,462
2009	291	4,289,188	54	16,006,231	421	4,242,284	766	24,537,703
2008	273	6,013,181	47	11,121,009	427	4,498,126	747	21,632,316

<sup>1</sup> This represents building permits from 7/1/16 to 1/31/17.

## Number and Size of Households

Household Characteristics	Town of Windsor Locks		State of Connecticut	
	Number	Percent	Number	Percent
Persons in households .....	12,506	—	3,475,053	—
Persons per household (average) ....	2.51	—	2.57	—
Persons per family (average) .....	3.15	—	3.17	—
Family households .....	3,235	65.0%	895,639	66.2%
Non-family households .....	1,739	35.0%	456,944	33.8%
<b>All households</b> .....	4,974	100.0%	1,352,583	100.0%
<i>Family households by type</i>				
Married couple .....	2,441	75.5%	661,596	73.9%
Female householders, no spouse ...	545	16.8%	175,228	19.6%
Other .....	249	7.7%	58,815	6.6%
<b>Total family households</b> .....	3,235	100.0%	895,639	100.0%
<i>Non-family households by type</i>				
Householders living alone .....	1,436	82.6%	378,145	82.8%
Other .....	303	17.4%	78,799	17.2%
<b>Total non-family households</b> .....	1,739	100.0%	456,944	100.0%

Source: American Community Survey 2011-2015

## ***IV. Tax Base Data***

### ***Property Tax – Assessments***

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 and a revaluation by physical inspection no later than ten years from the preceding physical inspection. Since the Town completed its last revaluation effective as of October 1, 2013, a physical revaluation will be required for the assessment year commencing October 1, 2017. The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. Assessments for real estate are computed at 70% of the estimated market value at the time of the last general revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year the Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

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 official. Upon issuance of a certification of completion, a physical inspection is conducted and a new fair market value is determined with the aid of schedules developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties and estimate changes to existing income streams.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles, and leased equipment) is revalued annually. Random audits are conducted periodically.

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles. The Office of Policy and Management has determined that the average retail values represented by the National Automobile Dealers Association pricing guides must be utilized in preparation of the grand lists. These values are applied uniformly and equitably to all vehicles in the Town; a myriad of exemptions are then applied to qualifying applicants. The same process is applied to the Supplemental Motor Vehicle list, which represents new or replacement vehicles which were registered after the October 1 assessment date, but before the following August 1. Bills for this supplemental list are issued the following January, eighteen months after the grand list date.

### ***Property Tax - Collection Procedure***

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real and personal property taxes are billed in the following July and are payable in two installments on July 1 and January 1. Motor vehicle supplemental bills are payable on January 1. A modest estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Delinquent motor vehicle and personal property tax accounts that are deemed uncollectible are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate liens become uncollectible 15 years after the due date in accordance with State statutes.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue.

Section 206 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 187 of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the “Act”) created a cap on the local property tax mill rate for motor vehicles for the assessment year commencing October 1, 2015, and each assessment year thereafter. Notwithstanding any mill rate for motor vehicles set by a municipality before the effective date of the Act, for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall not exceed 37 mills, except in the case of a municipality that set a mill rate before the effective date of the Act for motor vehicles of 32 mills for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall be the lesser of 37 mills, the mill rate set before the effective date of the Act for real property and personal property other than motor vehicles for such municipality for the assessment year commencing October 1, 2015, or a mill rate for motor vehicles set by a municipality after the effective date of the Act that is less than 37 mills. For the assessment year commencing October 1, 2016, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32 mills. Any municipality or special tax district may establish a mill rate for motor vehicles that is different from its mill rate for real property to comply with the provisions of the Act. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 37 mills for the assessment year commencing October 1, 2015, provided in the case of a district or borough that set a mill rate before the effective date of the Act for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located resulted in a combined motor vehicle mill rate of 32 mills for the assessment year commencing October 1, 2015, the mill rate on motor vehicles for any such district or borough for such assessment year shall be the lesser of (A) a mill rate for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate of 37, (B) the mill rate set before the effective date of the Act for the assessment year commencing October 1, 2015, on real property and personal property other than motor vehicles for such borough or district, or (C) a mill rate for motor vehicles set by a borough or district after the effective date of the Act that is less than 37 mills when combined with the motor vehicle mill rate of the municipality in which such district or borough is located, or (2) above 32 mills for the assessment year commencing October 1, 2016, and each assessment year thereafter. The Town’s mill rate for motor vehicles for the assessment year commencing October 1, 2015 (the fiscal year ending June 30, 2017) is 26.66 mills.

### **Comparative Assessed Valuations**

<b>Grand List of 10/1</b>	<b>Residential</b>	<b>Commercial &amp; Industrial</b>		<b>Motor Vehicle</b>	<b>Gross Taxable</b>		<b>Net Taxable Grand List</b>	<b>Percent Change</b>
	<b>Real Property</b>	<b>Real Property</b>	<b>Personal Property</b>		<b>Grand List</b>	<b>Less Exemptions</b>		
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>	
2016	40.8	23.1	20.0	16.2	\$ 1,397,394	\$ 149,554	\$ 1,247,840	0.0%
2015	40.4	22.6	21.2	15.8	1,394,821	147,585	1,247,236	5.9%
2014	42.9	21.3	22.4	13.5	1,338,047	160,752	1,177,295	-3.4%
2013 <sup>1</sup>	42.6	21.8	20.4	15.2	1,364,824	146,477	1,218,347	-4.1%
2012	46.5	22.6	18.4	12.5	1,410,980	141,149	1,269,831	0.4%
2011	50.6	25.2	8.8	15.4	1,386,837	122,058	1,264,779	2.1%
2010	51.3	25.9	9.4	13.4	1,357,056	118,518	1,238,538	0.2%
2009	52.0	25.1	11.0	11.9	1,360,972	125,283	1,235,689	-

<sup>1</sup> Revaluation.

### Property Tax Levies and Collections

<b>Fiscal Year</b>	<b>Grand List of 10/1</b>	<b>Net Taxable Grand List (000s)</b>	<b>Mill Rate</b>	<b>Adjusted Annual Levy</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected as of 6/30/2016</b>
2017 <sup>1</sup>	2015	1,247,236	26.66	31,526	<i>IN COLLECTION</i>		
2016	2014	1,177,295	26.79	31,540	98.3%	1.7%	1.90%
2015	2013	1,218,347	26.23	32,739	98.0%	2.0%	0.70%
2014	2012	1,269,831	29.06	32,307	98.2%	1.8%	0.30%
2013 <sup>2</sup>	2011	1,264,779	28.63	31,296	97.9%	2.1%	0.20%
2012	2010	1,238,538	28.15	29,699	97.8%	2.2%	0.10%
2011	2009	1,235,689	26.87	29,417	98.1%	1.9%	0.10%
2010	2008	1,259,892	21.65	27,675	97.7%	2.3%	0.10%
2009	2007	1,152,817	23.57	27,793	97.9%	2.1%	0.10%

<sup>1</sup> Subject to audit.

<sup>2</sup> Revaluation.

Sources: Tax Collector's Office, Town of Windsor Locks.

### Property Tax Receivable

<b>Fiscal Year</b> <b>Ending 6/30</b>	<b>Town of Windsor Locks</b>	
	<b>Current Year</b>	<b>Total</b>
2016	\$ 550,345	\$ 1,193,400
2015	574,417	1,085,179
2014	611,263	1,295,184
2013	661,964	1,577,913
2012	661,810	1,407,694

### Ten Largest Taxpayers As of 10/1/15

<b>Name</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List <sup>1</sup></b>
PV Holdings Corp .....	Car rental	\$ 58,518,430	4.69%
Hamilton Sundstrand .....	Manufacturing	47,235,031	3.79%
AREH Windsor Locks LLC.....	Car rental	26,752,180	2.14%
Algonquin Windsor Locks LLC .....	Utility	22,531,676	1.81%
Hertz Vehicles LLC .....	Car rental	21,263,700	1.70%
EAN Holdings (Enterprise, Alamo, National) ..	Car rental	16,990,106	1.36%
LAX Fly / Standard Parking .....	Valet parking	15,735,780	1.26%
Ahlstrom Nonwovens LLC .....	Manufacturing	13,906,149	1.11%
American Honda Motors Co .....	Manufacturing	13,492,745	1.08%
Eversource .....	Utility	9,792,464	0.79%
<b>Total.....</b>		<b>\$ 246,218,261</b>	<b>19.74%</b>

<sup>1</sup> Based on October 1, 2015 Net Taxable Grand List of \$1,247,236,000.

Source: Tax Assessor, Town of Windsor Locks

## V. Debt Summary

### Principal Amount of Indebtedness As of March 23, 2017 (Pro Forma)

<b>Long-Term Debt</b> <sup>1</sup>			<b>Amount of Original Issue</b>	<b>Outstanding After This Issue</b>	<b>Final Maturity</b>
<b>Dated</b>	<b>Purpose</b>	<b>Rate %</b>			
05/31/03	CWF.....	2.00	\$ 1,715,669	\$ 513,833	2022
10/01/13	General Purpose.....	2.00-4.00	2,775,000	2,220,000	2028
10/01/13	School.....	2.00-4.00	1,965,000	1,560,000	2028
07/01/14	General Purpose.....	2.00-3.00	3,400,000	2,325,000	2024
07/01/14	School.....	2.00-3.00	3,185,000	2,185,000	2024
03/24/16	General Purpose.....	2.00-4.00	2,801,500	2,661,000	2036
03/24/16	School.....	2.00-4.00	6,608,500	6,276,000	2036
03/24/16	Sewer.....	2.00-4.00	140,000	133,000	2036
<b>Total Outstanding.....</b>			<b>\$ 22,590,669</b>	<b>\$ 17,873,833</b>	

<sup>1</sup> Excludes Refunded Bonds.

### Short-Term Debt As of March 23, 2017 (Pro Forma)

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>This Issue: The Notes Due: 3/22/18</b>
Roadway Infrastructure 2015.....	\$ 1,150,000	\$ 1,001,000
High School ADA Code Improvements.....	250,000	78,500
School HVAC Improvements.....	730,000	181,450
School Windows.....	7,555,000	1,325,000
Roadway Infrastructure 2016 (FY17) .....	1,535,000	1,535,000
Middle School Partial Roof Replace .....	435,000	435,000
WPCA Projects .....	6,700,000	4,254,050
<b>Total .....</b>	<b>\$ 18,355,000</b>	<b>\$ 8,810,000</b>

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**Annual Bonded Debt Maturity Schedule  
As of March 23, 2017  
(Pro Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>Cumulative Principal Retired %</b>
2017 <sup>1</sup>	\$ 31,046	\$ 61,500	\$ 92,546	0.17%
2018	2,099,389	536,763	2,636,152	11.92%
2019	1,601,294	474,254	2,075,548	20.88%
2020	1,328,238	423,333	1,751,571	28.31%
2021	1,330,221	379,647	1,709,868	35.75%
2022	1,323,645	338,677	1,662,322	43.16%
2023	1,225,000	298,081	1,523,081	50.01%
2024	1,225,000	258,106	1,483,106	56.86%
2025	1,220,000	217,813	1,437,813	63.69%
2026	795,000	183,181	978,181	68.14%
2027	790,000	163,934	953,934	72.56%
2028	790,000	144,394	934,394	76.98%
2029	790,000	119,513	909,513	81.40%
2030	475,000	99,750	574,750	84.05%
2031	475,000	85,500	560,500	86.71%
2032	475,000	71,250	546,250	89.37%
2033	475,000	57,000	532,000	92.03%
2034	475,000	42,750	517,750	94.68%
2035	475,000	28,500	503,500	97.34%
2036	475,000	14,250	489,250	100.00%
<b>Total.....</b>	<b>\$ 17,873,833</b>	<b>\$ 3,998,196</b>	<b>\$ 21,872,029</b>	

<sup>1</sup> Excludes principal payments of \$2,101,475 and interest payments of \$537,983 made between July 1, 2016 and March 23, 2017.

**Overlapping/Underlying Debt**

The Town of Windsor Locks does not have any overlapping or underlying debt.

**THE TOWN OF WINDSOR LOCKS HAS NEVER DEFAULTED IN THE PAYMENT OF  
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES**

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**Debt Statement  
As of March 23, 2017  
(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose .....	\$ 7,206,000
Schools .....	10,021,000
Sewer .....	646,833
<b>Total Long-Term Debt</b> .....	<b>17,873,833</b>
<b>Short-Term Debt</b> (Includes this issue to mature on 3/22/18).....	<b>8,810,000</b>
<b>Total Direct Debt</b> .....	<b>26,683,833</b>
Less: School Construction Grants Receivable (As of June 30, 2016) <sup>1</sup> .....	(357,788)
<b>Total Direct Net Debt</b> .....	<b>26,326,045</b>
<b>Overlapping/Underlying Debt</b> .....	<b>-</b>
<b>Total Overall Net Debt</b> .....	<b>\$ 26,326,045</b>

<sup>1</sup> The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

**Current Debt Ratios  
As of March 23, 2017  
(Pro Forma)**

Population <sup>1</sup> .....	12,564
Net Taxable Grand List (10/1/2016) .....	\$ 1,247,840,447
Estimated Full Value (NTGL/70%) .....	\$ 1,782,629,210
Equalized Net Taxable Grand List (10/1/14) <sup>2</sup> .....	\$ 1,699,667,421
Money Income per Capita (2015) <sup>1</sup> .....	\$ 34,035

	<b>Total Direct Debt:</b>	<b>Total Overall Net Debt:</b>
	<b>\$26,683,833</b>	<b>\$26,326,045</b>
Debt per Capita.....	\$2,123.83	\$2,095.36
Ratio to Net Taxable Grand List.....	2.14%	2.11%
Ratio to Estimated Full Value.....	1.50%	1.48%
Ratio to Equalized Grand List.....	1.57%	1.55%
Debt per Capita to Money Income per Capita.....	6.24%	6.16%

<sup>1</sup> American Community Survey 2011-2015

<sup>2</sup> Office of Policy and Management, State of Connecticut.

**Bond Authorization**

The Town of Windsor Locks 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 procedural requirements of the Town Charter. Bond and note issues are authorized by the Town Meeting upon the recommendation of the Town Council and the Board of Finance. Any project exceeding \$200,000 needs to go to referendum per section 806 of the Town Charter.

**Temporary Financing**

The Town of Windsor Locks has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town Charter. 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 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) and 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 for sewer notes issued in anticipation of State and/or Federal grants. If a 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 certain 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).

**Limitation of Indebtedness**

Municipalities shall not incur indebtedness through the issuance of notes which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the base. "Annual receipts from taxation," (the "base,") are defined as total tax collections (including interest, and late payment of taxes) and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds. The statutes also provide for exclusion from the debt limitation any debt to be paid from a funded sinking fund.

**Statement of Debt Limitation  
As of March 23, 2017  
(Pro Forma)**

**Total Tax Collections** (including interest and lien fees)  
For the year ended June 30, 2016 ..... \$ 32,760,223

**Reimbursement For Revenue Loss:**

Tax relief for elderly..... -

**Base for Debt Limitation Computation**..... \$ 32,760,223

<b>Debt Limitation:</b>	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
2 1/4 times base.....	\$ 73,710,502	-	-	-	-
4 1/2 times base.....	-	\$ 147,421,004	-	-	-
3 3/4 times base.....	-	-	\$ 122,850,836	-	-
3 1/4 times base.....	-	-	-	\$ 106,470,725	-
3 times base.....	-	-	-	-	\$ 98,280,669
<b>Total Debt Limitation</b> .....	<b>\$ 73,710,502</b>	<b>\$ 147,421,004</b>	<b>\$ 122,850,836</b>	<b>\$ 106,470,725</b>	<b>\$ 98,280,669</b>

**Indebtedness:**

Bonds Outstanding.....	7,206,000	10,021,000	646,833	-	-
Notes (This Issue).....	2,536,000	1,651,950	4,622,050	-	-
Debt Authorized But Unissued .....	1,101,500	692,033	2,077,950	-	-
<b>Total Indebtedness</b> .....	<b>10,843,500</b>	<b>12,364,983</b>	<b>7,346,833</b>	<b>-</b>	<b>-</b>
Less:					
State School Grants Receivable <sup>1</sup> .....	-	(357,788)	-	-	-
<b>Total Net Indebtedness</b> .....	<b>10,843,500</b>	<b>12,007,195</b>	<b>7,346,833</b>	<b>-</b>	<b>-</b>

**DEBT LIMITATION IN EXCESS**

**OF OUTSTANDING INDEBTEDNESS**..... \$ 62,867,002 \$ 135,413,809 \$ 115,504,003 \$ 106,470,725 \$ 98,280,669

<sup>1</sup> The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$229,321,561.

**Authorized but Unissued Debt  
As of March 23, 2017  
(Pro Forma)**

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>Grants Applied / Previously Bonded</b>	<b>Previous Paydowns</b>	<b>Maturing Notes Due: 3/23/17</b>	<b>New Money or (Paydowns/Grants)</b>	<b>This Issue: The Notes Due: 3/22/18</b>	<b>Authorized but Unissued</b>
Roadway Infrastructure 2015.....	\$ 1,150,000	\$ -	\$ -	\$ 1,001,000	\$ -	\$ 1,001,000	\$ 149,000
Fire Pumper.....	687,500	-	-	-	-	-	687,500
South Center Street Improvements.....	3,200,000	2,775,000	160,000	-	-	-	265,000
Windsor Locks HS 2015 ADA Improvements.....	375,000	-	-	-	-	-	375,000
Various School Projects.....	1,720,000	1,618,517	50,000	-	-	-	51,483
High School ADA Code Improvements.....	250,000	-	7,000	83,000	(4,500)	78,500	160,000
School ADA Compliance.....	210,000	114,000	-	-	-	-	96,000
School HVAC Improvements.....	730,000	465,500	73,500	191,000	(9,550)	181,450	9,550
School Roof Replacements.....	1,455,000	813,000	642,000	-	-	-	-
School Windows.....	7,555,000	6,598,000	-	1,325,000	(368,000)	957,000	-
Roadway Infrastructure 2016 (FY17) .....	1,535,000	-	-	-	1,535,000	1,535,000	-
Middle School Partial Roof Replace .....	435,000	-	-	-	435,000	435,000	-
WPCA Projects .....	6,700,000	-	-	-	4,622,050	4,622,050	2,077,950
<b>Total</b> .....	<b>\$ 26,002,500</b>	<b>\$ 12,384,017</b>	<b>\$ 932,500</b>	<b>\$ 2,600,000</b>	<b>\$ 6,210,000</b>	<b>\$ 8,810,000</b>	<b>\$ 3,871,483</b>

**Ratios of Net Long-Term Debt to Valuation, Population, and Income**

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value (000s)</b>	<b>Estimated Full Value <sup>1</sup> (000s)</b>	<b>Net Long-Term Debt <sup>2</sup> (000s)</b>	<b>Ratio of Net Long-Term Debt to Assessed Value (%)</b>	<b>Ratio of Net Long-Term Debt to Estimated Full Value (%)</b>	<b>Population <sup>3</sup></b>	<b>Net Long-Term Debt per Capita</b>	<b>Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>4</sup> (%)</b>
				<b>Value (%)</b>	<b>Value (%)</b>		<b>Capita</b>	<b>Income <sup>4</sup> (%)</b>
2016	\$ 1,177,295	\$ 1,681,850	\$ 19,400	1.65%	1.15%	12,564	\$1,544.09	4.54%
2015	1,218,347	1,740,496	11,880	0.98%	0.68%	12,564	945.56	2.78%
2014	1,269,831	1,814,044	13,760	1.08%	0.76%	12,564	1,095.19	3.22%
2013	1,264,779	1,806,827	11,557	0.91%	0.64%	12,564	919.85	2.70%
2012	1,238,538	1,769,340	13,358	1.08%	0.75%	12,564	1,063.20	3.12%

<sup>1</sup> Assessment Ratio: 70%.

<sup>2</sup> Long-Term debt less school building construction grants receivable.

<sup>3</sup> U.S. Department of Commerce, Bureau of Census, American Community Survey 2011-2015.

<sup>4</sup> Money Income per Capita: American Community Survey 2011-2015 data: \$34,035 used for all calculations.

**Ratio of Total General Fund Debt Service Expenditures To Total General Fund Expenditures and Transfers Out Last Five Fiscal Years**

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>
			<b>Expenditures</b>
2017	\$ 2,110,086	\$ 45,824,724	4.60%
2016	2,239,242	49,547,046	4.52%
2015	2,689,101	49,553,918	5.43%
2014	2,392,870	47,993,322	4.99%
2013	2,377,967	46,367,574	5.13%
2012	2,516,127	46,983,205	5.36%
2011	2,450,377	44,566,183	5.50%
2010	2,007,638	44,629,127	4.50%
2009	2,099,394	44,849,826	4.68%

<sup>1</sup> GAAP basis of accounting. Includes Transfers out.

Source: Annual Audited Financial Statements.

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## **VI. Financial Administration**

### **Fiscal Year**

The Town's fiscal year begins July 1 and ends June 30.

### **Basis of Accounting**

The Town's accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The Town's accounting records are maintained on a modified accrual basis, with major revenues recorded when earned and expenditures recorded when incurred. The accounting policies of the Town conform to generally accepted accounting principles as applied to governmental units. (See Appendix A – "Audited Financial Statements, Notes to Financial Statements" herein.)

### **Budget Procedure**

The Town's fiscal year begins on the first day of July and ends on the 30th day of June. In accordance with the Town Charter, the Board of Finance prepares the budget for approval by the Town's Annual Budget Meeting. The Town's Charter outlines the budget adoption procedures. A brief summary of the procedures follows:

On or before December 1 each year, the Board of Finance provides all offices, boards and commissions with budget guidelines for the upcoming fiscal year. All budget requests from every board and commission which is dependent upon the Town budget for any portion of its operating income are to be submitted to the Board of Finance by the first day of February.

The Board of Finance may require meetings with the chairman and/or members of offices, boards and commissions to explain their requests. Also, any chairman or member of any office, board or commission is entitled to a hearing with respect to budgets. The Board of Finance revises the preliminary budget as it deems advisable and prepares the overall Town budget to be recommended to the annual budget meeting.

A public hearing is held not less than two weeks before the date of the budget meeting. The annual budget meeting is held on the third Tuesday of May each year. The procedure for adopting the annual budget is by a majority vote of qualified voters present and voting. Such vote is taken by paper ballot provided by the clerk of the meeting. In the event the proposed budget is not adopted by the annual budget meeting, the meeting adjourns to a referendum vote to be held in fourteen days.

Immediately upon approval of the budget, the Board of Finance establishes the tax rate and notifies the tax collector. An official copy of the budget is filed by the Board of Finance with the Town Clerk within five days of approval.

Generally, all unencumbered appropriations lapse at year-end, except those for the capital projects funds. Encumbered appropriations are carried forward. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Effective October 1, 2015, Public Act No. 15-244 (the "Act"), creates certain disincentives to the increasing of general budget expenditures by 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 (which is created by the Act) for those municipalities whose increases in general budget expenditures, with certain exceptions, exceed the spending limits specified in the Act. Each fiscal year, OPM must reduce the municipal revenue sharing grant paid to a municipality if the annual increase in its general budget expenditures is equal to or greater than 2.5 percent or the inflation rate, whichever is greater. The reduction in the municipal revenue sharing grant will generally equal 50 cents for every dollar the municipality spends over the expenditure cap. However, for municipalities that taxed motor vehicles at more than 32 mills for the 2013 assessment year (for taxes levied in fiscal year 2015), the reduction shall not be more than the portion of the grant that exceeds the difference between the amount of property taxes the municipality levied on motor vehicles for the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills. (See "Property Tax Assessments" herein.)

The Act requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the increased spending limits, and if so, the amount by which the limit was exceeded.

Under the Act, municipal spending does not include expenditures:

1. for debt service, special education, or costs to implement court orders or arbitration awards;
2. associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or
3. for any municipal revenue sharing grant the municipality disburses to a district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for fiscal year 2017 disbursements, or 29.36 mills, for fiscal year 2018 disbursements and thereafter.

### ***Audit***

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management. The Town is in full compliance with said provisions.

### ***Pensions***

Town employees, excluding teachers, participate in the Municipal Employees Retirement System (“MERS”). MERS is a cost-sharing, multiple-employer public retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut’s financial reporting entity and is included in the State’s financial reports as a pension trust fund.

Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. All benefits vest after five years of continuous service. Members who retire after age 55 with ten years of continuous service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life. Publicly available financial reports on MERS may be found at [www.osc.ct.gov](http://www.osc.ct.gov).

All Town teachers participate in the State of Connecticut Teachers’ Retirement System, a cost-sharing plan under Section 10.183 of the General Statutes of the State of Connecticut. The Town is not required to and does not contribute to the plan. Publicly available information may be found at [www.ct.gov](http://www.ct.gov).

See Appendix A – “Audited Financial Statements, Notes to Financial Statements, Note 10” herein.

**Other Post-Employment Benefits (OPEB)**

The Town and Board of Education provide post-retirement benefits in accordance with various labor and personnel contracts to employees who meet specific service and age requirements. As of July 1, 2015 there were 393 participants in the plan (362 active employees and 26 retired members).

The Town’s annual OPEB cost is calculated based on the annual required contribution (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town’s annual OPEB cost for the year ended June 30, 2016, \$347,299 actually contributed to the plan and changes in the Town’s net OPEB obligation.

The Town has received from Hooker & Holcombe, Inc. actuarial valuations prepared as of July 1, 2015 for the Town OPEB Plan and the Board of Education OPEB Plan.

	<u><b>Retiree Health Plan</b></u>
Annual Required Contribution (ARC).....	\$ 360,756
Interest on Net OPEB Obligation.....	65,760
Adjustment to Annual Required Contribution.....	<u>(69,039)</u>
Annual OPEB Cost.....	357,477
Contributions Made.....	<u>347,299</u>
Increase in Net OPEB Obligation.....	10,178
Net OPEB Obligation, Beginning of Year.....	<u>876,795</u>
Net OPEB Obligation, End of Year.....	<u>\$ 886,973</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is presented below.

<b>Fiscal Year Ended</b>	<b>ARC</b>	<b>Actual Contributions</b>	<b>% of ARC Contributed</b>	<b>OPEB Obligation</b>
6/30/2010	\$ 608,365	\$ 374,536	61.56%	\$ 499,736
6/30/2011	441,141	330,534	74.93%	610,343
6/30/2012	451,913	222,980	49.34%	839,276
6/30/2013	372,243	179,841	48.31%	1,031,678
6/30/2014	382,156	356,970	93.41%	1,056,864
6/30/2015	345,816	525,885	152.07%	876,795
6/30/2016	357,477	347,299	97.15%	886,973
6/30/2017 <sup>1</sup>	425,085	n/a	n/a	n/a

<sup>1</sup> Budgeted amounts.

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### **Schedule of Funding Process**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
7/1/2007	\$ -	\$ 5,248,420	\$ 5,248,420	0.0%	\$ 23,806,952	22.0%
7/1/2009	374,934	4,105,823	3,730,889	9.1%	24,096,139	15.5%
7/1/2011	1,065,348	3,924,205	2,858,857	27.1%	23,952,238	11.9%
7/1/2013	1,550,968	4,038,637	2,487,669	38.4%	22,136,805	11.2%
7/1/2015	2,092,160	4,798,725	2,706,565	43.6%	24,194,757	11.2%

See Appendix A – “Audited Financial Statements, Notes to Financial Statements, Note 11” herein for more information.

### **Investment Policies and Practices**

The Town Charter and Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the Town is permitted to acquire. Generally, the Town may invest in certificates of deposit, municipal bonds and notes, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government and money market mutual funds.

The Town’s new investment practices are in compliance with its Charter and the Connecticut General Statutes.

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### Comparative Balance Sheets – General Fund

	<i>Actual</i> 6/30/2016	<i>Actual</i> 6/30/2015	<i>Actual</i> 6/30/2014	<i>Actual</i> 6/30/2013	<i>Actual</i> 6/30/2012
<b>Assets</b>					
Cash and Cash Equivalents.....	\$ 8,135,001	\$ 8,357,174	\$ 7,032,478	\$ 6,635,150	\$ 3,418,055
Investments.....	3,222,033	4,289,897	5,651,435	5,588,591	5,553,592
Receivables:					
Property taxes .....	1,121,478	1,021,675	1,238,588	1,119,938	1,034,746
Other .....	39,622	55,905	92,136	76,793	26,973
Intergovernmental .....	757,224	782,040	930,119	1,369,342	2,905,239
Due from Other Funds.....	2,171,328	1,249,153	1,300,165	132,364	324,436
Other Assets.....	-	-	-	-	-
<b>Total assets .....</b>	<b>15,446,686</b>	<b>15,755,844</b>	<b>16,244,921</b>	<b>14,922,178</b>	<b>13,263,041</b>
<b>Liabilities and Fund Balances</b>					
Accounts payable .....	789,502	963,386	1,494,817	1,294,934	1,207,003
Deferred revenue .....	-	-	-	2,050,286	2,331,848
Unearned revenue .....	213,334	232,154	-	-	-
Due to other funds.....	129,302	557,088	337,280	291,981	104,060
<b>Total liabilities .....</b>	<b>1,132,138</b>	<b>1,752,628</b>	<b>1,832,097</b>	<b>3,637,201</b>	<b>3,642,911</b>
<b>Deferred Inflows of Resources</b>					
Advance Property Tax Collections.....	\$ 36,055	\$ 48,571	\$ 13,612	\$ -	\$ -
Unavailable Revenue.....	1,221,862	1,488,052	1,888,413	-	-
<b>Total Deferred Inflows .....</b>	<b>1,257,917</b>	<b>1,536,623</b>	<b>1,902,025</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	1,026,584	1,642,681	636,260	1,084,965	151,165
Unassigned.....	12,030,047	10,823,912	11,874,539	10,200,012	9,468,965
<b>Total fund balance .....</b>	<b>13,056,631</b>	<b>12,466,593</b>	<b>12,510,799</b>	<b>11,284,977</b>	<b>9,620,130</b>
<b>Total liabilities and fund balance .....</b>	<b>15,446,686</b>	<b>15,755,844</b>	<b>16,244,921</b>	<b>14,922,178</b>	<b>13,263,041</b>
<b>Analysis of General Fund Balance</b>					
Operating revenues .....	\$ 49,251,423	\$ 49,251,423	\$ 50,171,300	\$ 47,899,212	\$ 47,322,569
Fund balance as a percent of					
operating revenues .....	26.51%	25.31%	24.94%	23.56%	20.33%
Unassigned fund balance as					
a percent of operating revenues .....	24.43%	21.98%	23.67%	21.29%	20.01%

**General Fund Revenues and Expenditures**  
**Five Year Summary of Audited Revenues and Expenditures (GAAP Basis)**  
**And Adopted Budget (Budgetary Basis)**

	Budget 6/30/2017 <sup>1</sup>	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012
<b>Revenues:</b>						
Property Taxes .....	\$ 33,252,682	\$ 33,011,198	\$ 33,342,550	\$ 32,868,278	\$ 31,479,654	\$ 29,941,636
Intergovernmental.....	11,499,661	14,887,378	14,563,701	15,923,535	15,521,733	16,318,822
Charges for Services.....	790,731	1,408,693	1,035,064	1,047,418	787,024	888,129
Investment Income.....	85,000	72,893	76,620	106,795	63,945	106,154
Other Revenue.....	66,001	70,442	233,488	225,274	46,856	67,828
<b>Total.....</b>	<b>45,694,075</b>	<b>49,450,604</b>	<b>49,251,423</b>	<b>50,171,300</b>	<b>47,899,212</b>	<b>47,322,569</b>
<b>Expenditures:</b>						
General Government .....	2,203,809	1,962,705	2,297,535	2,028,051	1,641,764	1,830,434
Public Safety .....	4,638,643	4,496,964	4,407,138	4,461,665	4,094,162	3,923,478
Public Works .....	2,414,685	2,344,408	2,422,258	2,558,060	2,447,025	3,798,731
Health & Welfare.....	440,511	418,767	407,271	363,402	343,991	373,837
Recreation .....	832,346	830,548	839,250	839,578	795,622	757,070
Benefits & Insurance.....	3,018,030	2,694,632	2,788,515	2,740,272	2,630,761	2,664,566
Education .....	29,336,822	33,117,510	32,258,906	32,609,424	31,350,999	30,503,362
Debt Service .....	2,110,086	2,239,242	2,689,101	2,392,870	2,377,967	2,516,127
<b>Total.....</b>	<b>44,994,932</b>	<b>48,104,776</b>	<b>48,109,974</b>	<b>47,993,322</b>	<b>45,682,291</b>	<b>46,367,605</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>	<b>699,143</b>	<b>1,345,828</b>	<b>1,141,449</b>	<b>2,177,978</b>	<b>2,216,921</b>	<b>954,964</b>
<b>Other financing sources (uses):</b>						
Bond Premium Issuance.....	-	489,644	398,160	138,138	-	-
BAN Premiums.....	-	31,399	-	-	-	-
Refunding Bond Issuance.....	-	-	6,585,000	-	-	-
Payments to Escrow Agent.....	-	-	(6,889,215)	-	-	-
Transfers In.....	130,649	165,437	164,344	133,196	133,209	131,912
Transfers Out.....	(829,792)	(1,442,270)	(1,443,944)	(1,223,490)	(685,283)	(615,700)
<b>Total Other financing sources (uses).....</b>	<b>(699,143)</b>	<b>(755,790)</b>	<b>(1,185,655)</b>	<b>(952,156)</b>	<b>(552,074)</b>	<b>(483,788)</b>
<b>Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses.....</b>	<b>-</b>	<b>590,038</b>	<b>(44,206)</b>	<b>1,225,822</b>	<b>1,664,847</b>	<b>471,176</b>
<b>Fund Balance, Beginning of Year.....</b>	<b>13,056,631</b>	<b>12,466,593</b>	<b>12,510,799</b>	<b>11,284,977</b>	<b>9,620,130</b>	<b>9,148,954</b>
<b>Fund Balance, End of Year.....</b>	<b>\$ 13,056,631</b>	<b>\$ 13,056,631</b>	<b>\$ 12,466,593</b>	<b>\$ 12,510,799</b>	<b>\$ 11,284,977</b>	<b>\$ 9,620,130</b>

<sup>1</sup> Budgetary Basis of accounting. Subject to audit. No assurances can be given that subsequent projections and the final result of operations will not change.

**Intergovernmental Revenues**

<b>Fiscal Year Ended 6/30</b>	<b>Total General</b>		
	<b>Intergovernmental Revenues</b>	<b>Fund Revenues And Transfers</b>	<b>Percent</b>
2016	\$ 14,887,378	\$ 50,892,874	29.25%
2015	14,563,701	50,695,367	28.73%
2014	15,923,535	51,394,790	30.98%
2013	15,521,733	48,584,495	31.95%
2012	16,318,822	47,938,269	34.04%
2011	14,469,734	46,506,593	31.11%
2010	14,162,353	44,771,420	31.63%
2009	14,907,575	46,489,473	32.07%

Source: Annual Audited Financial Statements.

## **VII. Legal And Other Information**

### ***Litigation***

The Town of Windsor Locks, its officers, employees, boards, and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings, and other miscellaneous claims. It is the opinion of the Town Attorney that such pending litigation will not be finally determined, individually or in the aggregate, so as to result in final judgments against the Town which would have a material adverse effect on the Town's financial position.

### ***Documents Furnished At Delivery***

The original purchaser(s) will be furnished the following documents when the Notes, respectively, are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the First Selectman, the Treasurer, 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 the bids were awarded for the Notes, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact 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 Notes, respectively.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
5. An executed Continuing Disclosure Agreement for the Notes, respectively, in substantially the form attached hereto as Appendix C to this Official Statement.
6. The Town of Windsor Locks has prepared an Official Statement for the Notes which is dated March 15, 2017. The Town deems such 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 bidder(s) of the Notes five (5) copies, of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder(s) at the office of the Town's financial advisor no later than seven business days of the bid opening.

A record of the proceedings taken by the Town in authorizing the Notes will be kept on file at offices of U.S. Bank National Association, and may be examined upon reasonable request.

**Concluding Statement**

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

**TOWN OF WINDSOR LOCKS, CONNECTICUT**

By: /s/ *J. Christopher Kervick*  
\_\_\_\_\_  
J. Christopher Kervick, *First Selectman*

By: /s/ *William R. Hamel*  
\_\_\_\_\_  
William R. Hamel, *Treasurer*

By: /s/ *Amanda Moore*  
\_\_\_\_\_  
Amanda Moore, *Finance Director*

Dated: March 15, 2017

## ***Appendix A***

### ***2016 General Purpose Financial Statements Excerpted from the Town's Annual Financial Report***

The following includes the General Purpose Financial Statements of the Town of Windsor Locks, Connecticut for the fiscal year ended June 30, 2016. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

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Accounting | Tax | Business Consulting

## **Independent Auditors' Report**

To the Board of Finance  
Town of Windsor Locks, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Windsor Locks, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Windsor Locks, Connecticut's basic financial statements as listed in the table of contents.

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

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

#### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Windsor Locks, Connecticut, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2016, the Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

## ***Prior Period Adjustment***

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2016, prior period adjustments were made to the State of Connecticut Municipal Employees Retirement System. The System changed its method of accounting for receivables and the Town recognized the amount payable to the System for prior service costs. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 52 through 58 and the pension schedules on pages 59 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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



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

The statistical tables 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 any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Windsor Locks, Connecticut, as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated January 26, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2015 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2015 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016 on our consideration of the Town of Windsor Locks, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Windsor Locks, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 23, 2016

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

Management of the Town of Windsor Locks, Connecticut (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$83.8 million (net position). Of this amount, \$18.7 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- On a government-wide basis, during the year the Town's total net position increased by \$4.9 million (6.2%) to \$83.8 million. The majority of the increase is attributable to the addition of capital assets.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$18.8 million, an increase of \$4.8 million in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$13.0 million, or 24.3% of total General Fund expenditures and transfers out.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

#### **Governmental Funds**

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

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

The Town maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, Sewer Administration Fund and Capital Projects Fund, all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

#### **Proprietary Funds**

The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its medical insurance benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

## Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary type funds.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Town's net position from last fiscal year is restated due to a change in method of accounting for contributions as explained in Note 13. The Town's current year net position increased from \$78.9 million in Fiscal year 2015 to \$83.8 million largely in part due to increases in assets. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1  
NET POSITION  
In Thousands**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015 As Restated</b>
Current and other assets	\$ 32,969	\$ 33,793
Capital assets, net of accumulated depreciation	85,855	77,809
Total assets	<u>118,824</u>	<u>111,602</u>
Deferred outflows of resources	<u>1,478</u>	<u>1,133</u>
Long-term debt outstanding	30,169	20,873
Other liabilities	<u>6,317</u>	<u>11,967</u>
Total liabilities	<u>36,486</u>	<u>32,840</u>
Deferred inflows of resources	<u>36</u>	<u>1,004</u>
Net Position:		
Net investment in capital assets	65,124	59,748
Restricted	4	4
Unrestricted	<u>18,652</u>	<u>19,139</u>
Total Net Position	<u>\$ 83,780</u>	<u>\$ 78,891</u>

Net position of the Town's governmental activities increased by 6.2%. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased by \$487 thousand to \$18.7 million at the end of this year.

**TABLE 2  
CHANGE IN NET POSITION  
In Thousands**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Revenues:		
Program revenues:		
Charges for services:	\$ 5,495	\$ 4,292
Operating grants and contributions	14,746	14,009
Capital grants and contributions	600	2,689
General revenues:		
Property taxes	33,043	33,050
Grants and contributions not restricted to specific purposes	3,893	4,484
Investment income	115	105
Miscellaneous	105	264
Total revenues	57,997	58,893
Expenses:		
General government	983	2,615
Public safety	5,529	5,482
Public works	4,425	4,971
Health and welfare	585	524
Recreation	1,161	1,226
Education	40,055	38,715
Interest on long-term debt	371	501
Total program expenses	53,109	54,034
Increase in Net Position	\$ 4,888	\$ 4,859

The Town's total revenues were \$58.0 million. The total cost of all programs and services was \$53.1 million. Our analysis below considers the operations of governmental activities.

**Governmental Activities**

Approximately 57.0% of the revenues were derived from property taxes, followed by 25.4% from operating grants and contributions, 9.5% charges for services, and 7.7% from other grants. The remaining 0.4% was derived from investment earnings and miscellaneous revenue.

Major revenue and expenditure factors included:

- A projected decrease in revenues was the driving factor in the adoption of an operating budget that was \$1.1 million lower than the prior fiscal year.
- General Government expenses decreased, contributing to a decrease in total program expenses of \$925 thousand.
- Charges for services increased by \$1.2 million.

- Conservative efforts by public works, public safety, and general government added to a positive position from budget to actual expenditures.
- Property, liability, and worker's compensation averaged a 4.2% increase. The Town has a self-insured medical program and this year medical insurance expenditures decreased by 1.1%, rather than an expected increase.
- The cost of education services increased due to negotiated wage settlements, employee health insurance cost increases, special education cost; all of which were anticipated and budgeted for.

Table 3 presents the cost of each of the Town's largest programs - general government, public safety, public works, health and welfare, recreation and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**TABLE 3  
GOVERNMENTAL ACTIVITIES  
In Thousands**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General government	\$ 983	\$ 2,615	\$ (2,415)	\$ (303)
Public safety	5,529	5,482	5,261	5,137
Public works	4,425	4,971	1,379	(194)
Health and welfare	585	524	432	416
Recreation	1,161	1,226	748	790
Education	40,055	38,715	26,505	26,717
Interest	371	501	356	479
Totals	<u>\$ 53,109</u>	<u>\$ 54,034</u>	<u>\$ 32,266</u>	<u>\$ 33,042</u>

## **TOWN FUNDS FINANCIAL ANALYSIS**

### **Governmental Funds**

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$18.8 million, which is an increase from last year's total of \$13.9 million. Approximately \$12.0 million (63.9%) of this total amount constitutes unassigned fund balance, which is available for spending at the Town's discretion. \$1.0 million (5.5%) is assigned as encumbrances and subsequent years' appropriations. \$5.3 million (28.4%) is committed to designated use. The remainder of fund balance is restricted or non-spendable to indicate that it is not available for spending because it has already been obligated for permanently restricted endowments inventory (\$427 thousand).

### **General Fund Budgetary Highlights**

The General Fund is the operating fund of the Town. At the end of the current fiscal year, total fund balance and unassigned fund balance of the General Fund was \$13.1 million and \$12.0 million, respectively.

As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 24.3% of total General Fund expenditures and transfers out.

The fund balance of the Town's General Fund increased by \$590 thousand while the Undesignated fund balance increased by approximately \$1.2 million during the current fiscal year. The key factor was a decrease in Town expenses for the budget year and a positive variance in budgeted revenues.

### **Sewer Administration Fund**

The total fund balance increased by approximately \$546 thousand due to an increase in revenue and decrease in expenditures. \$103 thousand of the transfer out was to the General Fund for debt service.

### **Capital Projects Fund**

This fund accounts for financial resources to be used for the acquisition of major equipment or construction of facilities. Appropriations are made annually by the Board of Finance and citizen referendum pursuant to the Town Charter. Expenditures for capital projects and equipment for 2015-2016 were \$8.7 million.

The Town continues with ongoing renovations and upgrade projects for Town Hall, and moves forward with existing sewer and road reconstruction projects. There have been various sidewalk improvements throughout town with a plan to connect existing sidewalks along route 75 in place.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2016, the Town had invested in a broad range of capital assets, including land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles, furniture and fixtures and infrastructure (roads, sewer lines, sidewalks) on a gross basis of \$133.2 and \$85.9 million net of accumulated depreciation.

**TABLE 4**  
**CAPITAL ASSETS (Net of Depreciation)**  
**In Thousands**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Land	\$ 5,250	\$ 3,724
Construction in progress	9,450	3,051
Land improvements	1,880	1,935
Buildings	7,161	7,360
Building improvements	28,991	29,268
Machinery and equipment	4,949	5,256
Vehicles	3,095	3,179
Furniture and fixtures	145	159
Infrastructure	24,934	23,877
Totals	\$ 85,855	\$ 77,809

This year's major additions included:

- Completion of the Reed Avenue project
- Pesci Pool House Filter Project
- Energy upgrades at the senior center and safety complex
- Noden-Reed House Renovations
- Completion of roadway projects on John Street, Helena Lane, Stevens Street, and Roberts Street
- Completion of roadway projects on Marshall Road, Arlington Road, and Highland Road North

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

**Long-Term Debt**

At June 30, 2016, the Town had bonded debt outstanding of \$19.4 million, with \$2.0 million due within the next year. All of this debt comprises debt backed by the full faith and credit of the Town.

The Town maintains an "AA+" rating assigned by Standard & Poor's and maintains an "Aa1" rating from Moody's Investors Service for general obligation debt. The State limits the amount of general obligation debt that towns can issue on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$229.3 million State-imposed limit.

The Town's total debt increased by a net of \$9.3 million. Total debt is inclusive of Capital Leases, Net Pension Liability, OPEB (Other Postemployment Benefits) obligation, MERS service costs, Compensated absences and Heart and Hypertension claims. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

According to the Connecticut Department of Labor, the November 2016 unemployment rate for the Town is currently 3.7%, which is a decrease from a rate of 4.6% a year ago. The Town is in line with the State's average unemployment rate of 3.7%, and below the National Average of 4.4% as of November 2016.

The State of Connecticut continues to have an uncertain economic forecast with factors including balanced budgeting, the housing market, and debt issuance. The State's economic health has an impact on grants and funding sources received by municipalities from the State. All of these elements were considered in preparing the Town's budget for the 2017 fiscal year.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, 50 Church Street, Windsor Locks, Connecticut 06096-2348.

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<b>Governmental Activities</b>
Assets:	
Cash and cash equivalents	\$ 25,282,766
Investments	4,550,891
Receivables, net	3,126,139
Inventories	9,445
Capital assets:	
Assets not being depreciated	14,699,567
Assets being depreciated, net	71,155,174
Total assets	<u>118,823,982</u>
Deferred Outflows of Resources:	
Pension contributions subsequent to the measurement date	833,404
Pension differences between expected and actual investment experience	447,061
Deferred charge on refunding	197,422
Total deferred outflows of resources	<u>1,477,887</u>
Liabilities:	
Accounts and other payables	2,270,277
Bond anticipation note payable	2,600,000
Unearned revenue	1,446,774
Noncurrent liabilities:	
Due within one year	2,583,125
Due in more than one year	27,585,589
Total liabilities	<u>36,485,765</u>
Deferred Inflows of Resources:	
Advance property tax collections	<u>36,055</u>
Net Position:	
Net investment in capital assets	65,123,995
Restricted for trust purposes:	
Nonexpendable	3,835
Unrestricted	<u>18,652,219</u>
Total Net Position	<u>\$ 83,780,049</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
Governmental activities:				
General government	\$ 982,641	\$ 408,984	\$ 2,988,158	\$ 2,414,501
Public safety	5,529,299	264,203	4,008	(5,261,088)
Public works	4,424,870	2,778,013	268,012	(1,378,845)
Health and welfare	584,835	69,865	82,925	(432,045)
Recreation	1,160,514	412,112		(748,402)
Education	40,055,030	1,561,730	11,387,994	600,000
Interest on long-term debt	370,660		14,780	(355,880)
Total Governmental Activities	<u>\$ 53,107,849</u>	<u>\$ 5,494,907</u>	<u>\$ 14,745,877</u>	<u>\$ 600,000</u>
General revenues:				
Property taxes				33,042,981
Grants and contributions not restricted to specific programs				3,892,727
Unrestricted investment earnings				114,709
Miscellaneous				105,385
Total general revenues				<u>37,155,802</u>
Change in net position				4,888,737
Net Position at Beginning of Year, as Restated				<u>78,891,312</u>
Net Position at End of Year				<u>\$ 83,780,049</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Special Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,135,001	\$ 1,172,716	\$ 5,658,141	\$ 3,194,849	\$ 744,232	\$ 18,904,939
Investments	3,222,033	1,325,023			3,835	4,550,891
Receivables, net	1,918,324	255,140		20,421	320,527	2,514,412
Due from other funds	2,171,328				445,766	2,617,094
Inventories					9,445	9,445
Total Assets	<u>\$ 15,446,686</u>	<u>\$ 2,752,879</u>	<u>\$ 5,658,141</u>	<u>\$ 3,215,270</u>	<u>\$ 1,523,805</u>	<u>\$ 28,596,781</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 789,502	\$ 18,392	\$ 648,034	\$ 76,704	\$ 100,935	\$ 1,633,567
Bond anticipation notes payable			2,600,000			2,600,000
Due to other funds	129,302	127,403	325,471	1,926,830	89,256	2,598,262
Unearned revenue	213,334			1,208,809	24,631	1,446,774
Total liabilities	<u>1,132,138</u>	<u>145,795</u>	<u>3,573,505</u>	<u>3,212,343</u>	<u>214,822</u>	<u>8,278,603</u>
Deferred Inflows of Resources:						
Advance property tax collections	36,055					36,055
Unavailable revenue - property taxes	864,074					864,074
Unavailable revenue - long-term receivable	357,788					357,788
Unavailable revenue - special assessments		251,404				251,404
Total deferred inflows of resources	<u>1,257,917</u>	<u>251,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,509,321</u>
Fund Balances:						
Nonspendable					12,445	12,445
Restricted				2,927	411,182	414,109
Committed		2,355,680	2,084,636		899,370	5,339,686
Assigned	1,026,584					1,026,584
Unassigned	12,030,047				(14,014)	12,016,033
Total fund balances	<u>13,056,631</u>	<u>2,355,680</u>	<u>2,084,636</u>	<u>2,927</u>	<u>1,308,983</u>	<u>18,808,857</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,446,686</u>	<u>\$ 2,752,879</u>	<u>\$ 5,658,141</u>	<u>\$ 3,215,270</u>	<u>\$ 1,523,805</u>	<u>\$ 28,596,781</u>

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**TOWN OF WINDSOR LOCKS, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2016**

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I)  
are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 18,808,857
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 133,247,410
Less accumulated depreciation	<u>(47,392,669)</u>
Net capital assets	85,854,741
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Property tax receivables greater than 60 days	864,074
Interest and lien receivable on property taxes	406,235
Assessments receivable	251,404
Interest and lien receivable on assessments	117,713
Receivable from the state for school construction projects	357,788
Deferred outflow related to differences between pension projected and actual investment activity	447,061
Deferred outflow related to pension contributions subsequent to the measurement date	833,404
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 reported with governmental activities in the statement of net position.	
	5,999,684
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(20,871,235)
Interest payable on bonds and notes	(189,620)
Compensated absences	(1,215,118)
Capital leases	(1,099,693)
Net pension liability	(5,898,563)
Payable to MERS	(64,632)
OPEB obligation	(886,973)
Heart and hypertension	(132,500)
Deferred charge on refunding	<u>197,422</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ 83,780,049</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Sewer Administration</u>	<u>Capital Projects</u>	<u>Special Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 33,011,198	\$	\$	\$	\$	\$ 33,011,198
Intergovernmental	14,887,378	4,487	992,602	2,571,169	1,022,517	19,478,153
Charges for services	1,408,693	2,400,902		774,175	969,496	5,553,266
Contributions					17,344	17,344
Income on investments	72,893	32,826	3,593		5,397	114,709
Other revenues	70,442	563			2,120	73,125
Total revenues	<u>49,450,604</u>	<u>2,438,778</u>	<u>996,195</u>	<u>3,345,344</u>	<u>2,016,874</u>	<u>58,247,795</u>
Expenditures:						
Current:						
General government	1,962,705				130,098	2,092,803
Public safety	4,496,964				316,541	4,813,505
Public works	2,344,408	1,511,078			106,434	3,961,920
Health and welfare	418,767				141,498	560,265
Recreation	830,548				241,752	1,072,300
Employee benefits and insurance	2,694,632					2,694,632
Education	33,117,510			3,345,209	825,973	37,288,692
Capital outlay			8,278,773			8,278,773
Debt service	2,239,242		469,072			2,708,314
Total expenditures	<u>48,104,776</u>	<u>1,511,078</u>	<u>8,747,845</u>	<u>3,345,209</u>	<u>1,762,296</u>	<u>63,471,204</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,345,828</u>	<u>927,700</u>	<u>(7,751,650)</u>	<u>135</u>	<u>254,578</u>	<u>(5,223,409)</u>
Other Financing Sources (Uses):						
Bond issuance			9,550,000			9,550,000
Bond premium issuance	489,644					489,644
BAN premiums	31,399					31,399
Transfers in	165,437		1,688,778			1,854,215
Transfers out	(1,442,270)	(381,942)			(30,003)	(1,854,215)
Total other financing sources (uses)	<u>(755,790)</u>	<u>(381,942)</u>	<u>11,238,778</u>	<u>-</u>	<u>(30,003)</u>	<u>10,071,043</u>
Net Change in Fund Balances	590,038	545,758	3,487,128	135	224,575	4,847,634
Fund Balances at Beginning of Year	<u>12,466,593</u>	<u>1,809,922</u>	<u>(1,402,492)</u>	<u>2,792</u>	<u>1,084,408</u>	<u>13,961,223</u>
Fund Balances at End of Year	<u>\$ 13,056,631</u>	<u>\$ 2,355,680</u>	<u>\$ 2,084,636</u>	<u>\$ 2,927</u>	<u>\$ 1,308,983</u>	<u>\$ 18,808,857</u>

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**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV) \$ 4,847,634

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay 10,551,770  
Depreciation expense (2,486,254)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Thus the change in net position differs from the change in fund balance by the cost of the assets sold. (19,657)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts (246,953)  
Property tax receivable - accrual basis change (19,237)  
Property tax interest and lien receivable - accrual basis change 51,020  
Sewer assessment receivable - accrual basis change (56,422)  
Sewer assessment interest and lien receivable - accrual change (21,718)  
Change in deferred outflow related to pension projected and actual investment experience 447,061  
Change in deferred outflow related to pension contributions subsequent to the measurement date (68,893)

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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond and note principal payments 2,120,691  
Capital lease payments 250,872  
Issuance of bonds (9,550,000)  
Premium on bond issuance (489,644)

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 the governmental funds:

Compensated absences (27,649)  
OPEB obligation (10,178)  
Accrued interest (73,078)  
Amortization of bond premiums 72,932  
Amortization of payable to MERS 10,772  
Amortization of deferred charge on refunding (33,763)  
Heart and hypertension claims (15,000)  
Net pension liability (1,658,102)  
Deferred inflow related to differences between pension projected and actual investment activity 955,687

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

356,846

Change in Net Position of Governmental Activities (Exhibit II) \$ 4,888,737

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
JUNE 30, 2016**

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	<b>Governmental Activities <u>Internal Service Fund</u></b>
Assets:	
Current:	
Cash and cash equivalents	\$ 6,377,827
Accounts receivable	87,779
Due from other funds	<u>30,380</u>
Total assets	<u>6,495,986</u>
Liabilities:	
Accounts payable	96,090
Claims payable	351,000
Due to other funds	<u>49,212</u>
Total liabilities	<u>496,302</u>
Net Position:	
Unrestricted	\$ <u><u>5,999,684</u></u>

The accompanying notes are an integral part of the financial statements



**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Operating Revenues:	
Premiums	\$ <u>5,440,327</u>
Operating Expenses:	
Claims	4,383,486
Administration	<u>710,697</u>
Total operating expenses	<u>5,094,183</u>
Operating Income (Loss)	346,144
Nonoperating Revenue:	
Income on investments	<u>10,702</u>
Change in Net Position	356,846
Net Position at Beginning of Year	<u>5,642,838</u>
Net Position at End of Year	<u>\$ <u>5,999,684</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Governmental Activities Internal Service Fund</b>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 5,388,225
Cash payments to providers of benefits and administration	(5,254,395)
Net cash provided by (used in) operating activities	<u>133,830</u>
Cash Flows from Investing Activities:	
Income on investments	<u>10,702</u>
Net Increase (Decrease) in Cash and Cash Equivalents	144,532
Cash and Cash Equivalents at Beginning of Year	<u>6,233,295</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,377,827</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 346,144
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in due from other funds	(30,380)
(Increase) decrease in accounts receivable	(21,722)
Increase (decrease) in claims and accounts payable	5,858
Increase (decrease) in due to other funds	<u>(166,070)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 133,830</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2016**

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	<u>OPEB Trust Fund</u>	<u>Student Activity Fund</u>
Assets:		
Cash and cash equivalents	\$	\$ 222,152
Investments	2,234,396	
Accounts receivable	<u>8,338</u>	<u>                    </u>
Total assets	<u>2,242,734</u>	<u>\$ 222,152</u>
Liabilities:		
Accounts and other payables	<u>                    </u>	<u>\$ 222,152</u>
Net Position:		
Restricted for OPEB benefits	<u>\$ 2,242,734</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
STATEMENT OF CHANGES IN PLAN NET POSITION - OPEB TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

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	<b><u>OPEB Trust Fund</u></b>
Additions:	
Contributions:	
Employer	\$ 347,299
Employee	<u>209,077</u>
Total contributions	556,376
Investment income (loss):	
Net change in fair value of investments	<u>(41,696)</u>
Total additions	514,680
Deductions:	
Benefits	<u>455,839</u>
Change in Net Position	58,841
Net Position - Beginning of Year	<u>2,183,893</u>
Net Position - End of Year	<u><u>\$ 2,242,734</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Windsor Locks, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

**A. Reporting Entity**

The Town of Windsor Locks was incorporated in 1854, under the General Statutes of the State of Connecticut. The Town adopted a Town Charter effective January 5, 1981, which was revised on December 2, 1993. The form of government includes a Board of Selectmen consisting of a First Selectman, who is the chief administrative and executive official of the Town, and two other members. The Board of Selectmen and the Town Meeting have the legislative power of the Town, and may enact ordinances consistent with the General Statutes of the State of Connecticut and specific provisions of the Town Charter. The Board of Education, which is not a separate legal entity, is responsible for the operation of the public school system.

Additionally, the Charter includes a Board of Finance and a Treasurer. The Board of Finance is responsible for presenting fiscal operating budgets for Town approval. The Treasurer receives all money belonging to the Town and makes expenditures based upon the appropriate authority.

**B. 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 nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Agency funds do not have a measurement focus but are accounted for using 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The Sewer Administration Fund accounts for sewer services provided to certain residents of the Town. The major source of revenue is sewer assessment charges.

The Capital Projects Fund accounts for the financial revenues to be used for major capital asset construction and/or purchases. The major sources of revenue are grants, capital leases and bond issuances.

The Special Education Grants Fund accounts for education programs not included in the general fund budget. The major source of revenue for this fund is education grants.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk financing activities for medical insurance benefits as allowed by GASB Statement No. 10.

The OPEB Trust Fund accounts for the activities of the Windsor Locks other postemployment benefits for town retirees and their beneficiaries.

The Agency Fund is used to account for monies held on behalf of students.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town's functions because the 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 property taxes.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to customers for medical insurance benefits. Operating expenses for the internal service fund include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

**D. Deposits and Investments**

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments are reported at fair value.

**E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." An amount of \$71,922 has been established as an allowance for uncollectible taxes. At June 30, 2016, this represents 6% of all property taxes receivable.

In the fund financial statements, all property taxes receivable at June 30, 2016, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60-day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date. Payments not received within one month after the due date become delinquent, with interest charged at 1-1/2% per month.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016**

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**F. 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 government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure 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 estimated fair market 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.

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

<u>Assets</u>	<u>Years</u>
Buildings	75
Building improvements	75
Land improvements	20
Roads	25-50
Sidewalks	25
Sewer plant	50
Sewer lines	70
Storm drains	70
Vehicles	8
Office equipment	5-10

**G. 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 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. The Town reports deferred outflows related to pension in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town also reports advance property tax collections in the government-wide statement of net position and in



**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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the governmental funds balance sheet. Advance property tax receivables represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. 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, long-term receivables and special assessments. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

**H. Compensated Absences**

Employees are paid by prescribed formula for absence due to vacation or sickness. For certain Town employees and Board of Education employees, vacation time and sick time may be accumulated and paid upon death or retirement, up to certain limits.

**I. 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.

**J. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

**K. Fund Equity**

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

**Net Investment in Capital Assets**

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Restricted Net Position**

Net position is restricted because it is externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Unrestricted Net Position**

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

**Nonspendable Fund Balance**

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

**Restricted Fund Balance**

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

**Committed Fund Balance**

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Windsor Locks Board of Finance and Town Meeting). Amounts can be committed, modified or rescinded by resolution of the Board of Finance or vote at Town Meeting.

**Assigned Fund Balance**

This includes 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 by the Town Charter (Windsor Locks Finance Director and Board of Education Business Manager).

**Unassigned Fund Balance**

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

**L. Estimates**

The preparation of the 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 including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. On or before February 1 of each year, each officer and the head of each office, board or commission supported wholly or in part from Town funds, files a detailed estimate of the expenditures to be made and revenues to be collected in the ensuing year with the Board of Finance.

The Board of Finance then prepares a proposed general Town budget and tax mill rate, holds a public hearing and presents the budget to the annual Town budget meeting, at which time it is legally adopted.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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Funds for any additional appropriations less than \$10,000 or any emergency appropriations shall be drawn as directed by the Board of Finance from any available fund balance, an approved contingency fund or funds received or to be received from State, Federal or other sources.

Additional appropriations in excess of \$10,000 (except for emergency situations) require Town Meeting approval. Appropriations for capital expenditures in excess of \$200,000, to be funded by borrowing, require a referendum.

There were no additional appropriations made from fund balance during the year.

Formal budgetary integration is employed as a management control device during the year.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.

The Board of Education, which is not a separate legal entity but a department of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval (in excess of \$10,000 in the aggregate for the year).

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**B. Fund Deficits**

The Commission on Needs of the Aging fund, a non-major special revenue fund has a fund deficit of \$9,864, which will be financed by permanent financing or General Fund transfers.

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. 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 the laws applicable to fiduciaries and the provisions of the applicable plan.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016**

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The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**Deposits**

**Deposit Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$17,363,671 of the Town’s bank balance of \$17,845,854 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 15,579,086
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,784,585</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 17,363,671</u>

**Cash Equivalents**

At June 30, 2016, the Town’s cash equivalents amounted to \$8,414,048. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard &amp; Poor’s</u>
State Short-Term Investment Fund (STIF) Money Market Funds*	AAAm

\*Not rated

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Investments**

As of June 30, 2016, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 4,550,891	\$ <u>1,713,491</u>	\$ <u>2,837,400</u>	\$ <u>-</u>
Other investments:					
Mutual funds	n/a	<u>2,234,396</u>			
Total Investments		\$ <u><u>6,785,287</u></u>			

\*Subject to coverage by Federal Depository Insurance and collateralization.

**Interest Rate Risk**

The Town limits their maximum final stated maturities to five years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

**Credit Risk - Investments**

As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further its investment choices.

**Concentration of Credit Risk**

At the time of acquisition, no more than 10% of the overall portfolio may be invested in deposits with a single bank, unless the deposits are fully insured or fully collateralized, or in repurchase agreements for a period longer than two days conducted through a single dealer.

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2016, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Fair Value Measurements**

The Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Mutual funds	\$ 2,234,396	\$ 2,234,396	\$ -	\$ -
Total investments measured at fair value	2,234,396			
Certificates of deposit	<u>4,550,891</u>			
Total Investments	<u>\$ 6,785,287</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**4. RECEIVABLES**

Receivables as of year end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Sewer Administration</u>	<u>Special Education Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,193,400	\$	\$	\$	\$ 1,193,400
Accounts	39,622	3,736		163,406	206,764
Sewer assessments		255,904			255,904
Intergovernmental	<u>757,224</u>		<u>20,421</u>	<u>253,238</u>	<u>1,030,883</u>
Gross receivables	1,990,246	259,640	20,421	416,644	2,686,951
Less allowance for uncollectibles	<u>(71,922)</u>	<u>(4,500)</u>			<u>(76,422)</u>
Net Total Receivables	<u>\$ 1,918,324</u>	<u>\$ 255,140</u>	<u>\$ 20,421</u>	<u>\$ 416,644</u>	<u>\$ 2,610,529</u>

Note: Above does not include accrued interest and liens on property taxes of \$406,235 and sewer use charges of \$117,713.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**5. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,723,747	\$ -	\$ 1,525,900	\$ -	\$ 5,249,647
Construction in progress	3,050,829	(2,271,342)	8,670,433	-	9,449,920
Total capital assets not being depreciated	<u>6,774,576</u>	<u>(2,271,342)</u>	<u>10,196,333</u>	<u>-</u>	<u>14,699,567</u>
Capital assets being depreciated:					
Buildings	14,800,314	-	-	-	14,800,314
Building improvements	38,939,274	562,934	-	-	39,502,208
Land improvements	2,876,430	38,473	-	-	2,914,903
Machinery and equipment	13,835,200	78,033	103,663	(69,846)	13,947,050
Vehicles	6,231,302	-	251,774	(87,819)	6,395,257
Furniture and fixtures	230,469	-	-	-	230,469
Infrastructure	39,165,740	1,591,902	-	-	40,757,642
Total capital assets being depreciated	<u>116,078,729</u>	<u>2,271,342</u>	<u>355,437</u>	<u>(157,665)</u>	<u>118,547,843</u>
Less accumulated depreciation for:					
Buildings	(7,440,044)	-	(198,991)	-	(7,639,035)
Building improvements	(9,671,495)	-	(839,709)	-	(10,511,204)
Land improvements	(941,775)	-	(93,189)	-	(1,034,964)
Machinery and equipment	(8,579,438)	-	(476,466)	57,930	(8,997,974)
Vehicles	(3,052,245)	-	(328,294)	80,078	(3,300,461)
Furniture and fixtures	(71,538)	-	(13,969)	-	(85,507)
Infrastructure	(15,287,888)	-	(535,636)	-	(15,823,524)
Total accumulated depreciation	<u>(45,044,423)</u>	<u>-</u>	<u>(2,486,254)</u>	<u>138,008</u>	<u>(47,392,669)</u>
Total capital assets being depreciated, net	<u>71,034,306</u>	<u>2,271,342</u>	<u>(2,130,817)</u>	<u>(19,657)</u>	<u>71,155,174</u>
Governmental Activities Capital Assets, Net	<u>\$ 77,808,882</u>	<u>\$ -</u>	<u>\$ 8,065,516</u>	<u>\$ (19,657)</u>	<u>\$ 85,854,741</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 186,542
Public safety	333,751
Public works	986,775
Recreation	53,450
Education	925,736
Total	<u>\$ 2,486,254</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Individual fund interfund receivable and payable balances at June 30, 2016, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Administration Fund	\$ 127,403
	Capital Projects Fund	325,471
	Special Education Grants	1,610,366
	Internal Service Funds	49,212
	Nonmajor Governmental Funds	<u>58,876</u>
		<u>2,171,328</u>
Capital Projects	General Fund	
Nonmajor Governmental Funds	Special Education Grants	316,464
Nonmajor Governmental Funds	General Fund	<u>129,302</u>
		<u>445,766</u>
Internal Service Fund	Nonmajor Governmental Funds	<u>30,380</u>
		<u>\$ 2,647,474</u>

All interfund receivables and payables are the result of regularly recurring transactions and represent temporary balances.

	<u>Transfers In</u>		<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Projects</u>	
Transfers out:			
General Fund	\$	\$ 1,442,270	\$ 1,442,270
Sewer Administration Fund	135,434	246,508	381,942
Nonmajor Governmental	<u>30,003</u>		<u>30,003</u>
Total Transfers In	<u>\$ 165,437</u>	<u>\$ 1,688,778</u>	<u>\$ 1,854,215</u>

All transfers represent routine transactions that occur annually to move resources from one fund to another.



**TOWN OF WINDSOR LOCKS, CONNECTICUT  
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**7. LONG-TERM DEBT**

**Governmental Activities**

*Changes in Long-Term Liabilities*

Long-term liability activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and serial notes payable:					
General obligation bonds	\$ 11,880,000	\$ 9,550,000	\$ 2,030,000	\$ 19,400,000	\$ 2,040,000
Clean water notes	666,000		90,691	575,309	92,522
Bond premiums	479,214	489,644	72,932	895,926	
Total	<u>13,025,214</u>	<u>10,039,644</u>	<u>2,193,623</u>	<u>20,871,235</u>	<u>2,132,522</u>
Capital leases	1,350,565		250,872	1,099,693	256,374
Net pension liability	4,240,461	1,658,102		5,898,563	
OPEB obligation	876,795	10,178		886,973	
MERS prior service costs	75,404		10,772	64,632	10,772
Compensated absences	1,187,469	138,852	111,203	1,215,118	183,457
Heart and hypertension claims	117,500	15,000		132,500	
Total Governmental Activities Long-Term Liabilities	<u>\$ 20,873,408</u>	<u>\$ 11,861,776</u>	<u>\$ 2,566,470</u>	<u>\$ 30,168,714</u>	<u>\$ 2,583,125</u>

The following is a summary of bond and note issues at June 30, 2016:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2016</u>
Bonds/notes:					
Town:					
General obligation	10/4/2013	10/1/2028	2.0-4.1	2,775,000 \$	2,400,316
Refunding bond	7/1/2014	8/1/2024	2.0-3.0	3,400,000	2,968,869
General obligation	3/16/2016	3/15/2036	2.0-4.0	2,941,500	2,941,500
Schools:					
General obligation	10/4/2013	10/1/2028	2.0-4.1	1,965,000	1,699,684
Refunding bond	7/1/2014	8/1/2024	2.0-3.0	3,185,000	2,781,131
General obligation	3/16/2016	3/15/2036	2.0-4.0	6,608,500	6,608,500
Sewer:					
Clean water loan	5/31/2003	5/31/2022	2.0	1,715,669	<u>575,309</u>
					<u>\$ 19,975,309</u>

All long-term liabilities are generally liquidated by the General Fund.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
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The following is a summary of long-term debt principal and interest maturities:

Year Ending June 30,	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,040,000	\$ 588,806	\$ 92,522	\$ 10,661	\$ 2,132,522	\$ 599,467
2018	2,005,000	527,956	94,389	8,794	2,099,389	536,750
2019	1,505,000	467,356	96,294	6,888	1,601,294	474,244
2020	1,230,000	418,381	98,238	4,945	1,328,238	423,326
2021	1,230,000	376,681	100,221	2,962	1,330,221	379,643
2022-2026	5,695,000	1,294,919	93,645	939	5,788,645	1,295,858
2027-2031	3,320,000	613,091			3,320,000	613,091
2032-2036	2,375,000	213,750			2,375,000	213,750
Total	\$ <u>19,400,000</u>	\$ <u>4,500,940</u>	\$ <u>575,309</u>	\$ <u>35,189</u>	\$ <u>19,975,309</u>	\$ <u>4,536,129</u>

**Bond Anticipation Notes**

The bond anticipation notes were issued for roadway infrastructure and school projects. The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2016:

Date Issued	Maturity Date	Interest Rate (%)	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
6-25-15	3-24-16	1.50	9,710,000	-	9,710,000	-
3-24-16	3-23-17	2.00		2,600,000		2,600,000
			\$ <u>9,710,000</u>	\$ <u>2,600,000</u>	\$ <u>9,710,000</u>	\$ <u>2,600,000</u>

**Capital Projects**

As of June 30, 2016, the Town had authorized unissued bonds of \$1,960,000 available to fund capital projects.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016**

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**Debt Limit**

The Town's indebtedness does not exceed the legal debt limitations as established by Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limitation</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 73,710,502	\$ 9,845,685	\$ 63,864,817
Schools	147,421,004	11,156,527	136,264,477
Sewers	122,850,836	575,309	122,275,527
Urban renewal	106,470,725		106,470,725
Pension deficit	98,280,669		98,280,669

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$229.3 million.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivables of \$357,788 for bond principal are reflected as deductions in the computation of net indebtedness.

**Capital Leases**

The Town has entered into capital lease agreements for the purchase of a catch-basin vacuum truck, a dump truck, a pay loader and a fire truck.

The assets acquired through capital leases are as follows:

	<u>Amount</u>
Asset:	
Equipment	\$ 2,481,839
Less accumulated depreciation	<u>352,082</u>
Total	<u>\$ 2,129,757</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
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The following is a schedule of the future minimum lease payments under the capitalized leases together with the present value of the minimum lease payments as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 278,988
2018	187,480
2019	120,342
2020	120,342
2021	120,342
Thereafter	<u>361,030</u>
Total minimum lease payments	1,188,524
Less amount representing interest	<u>(88,831)</u>
 Present Value of Future Minimum Lease Payment	 <u><u>\$ 1,099,693</u></u>

**8. FUND BALANCE**

The components of fund balance for governmental funds at June 30, 2016, are as follows:

	<u>General Fund</u>	<u>Sewer Administration Fund</u>	<u>Capital Projects Fund</u>	<u>Education Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Endowment	\$	\$	\$	\$	\$ 3,000	\$ 3,000
Inventories					9,445	9,445
Restricted for:						
Grants				2,927	411,182	414,109
Committed to:						
Sewer assessment		2,355,680				2,355,680
Capital projects			2,084,636			2,084,636
General government					835	835
Public safety					123,362	123,362
Public works					613,551	613,551
Health and welfare					100,427	100,427
Recreation					61,195	61,195
Assigned to:						
Debt service	850,000					850,000
General government - encumbrances	661					661
Public safety - encumbrances	4,738					4,738
Public works - encumbrances	3,857					3,857
Recreation - encumbrances	54					54
Education - encumbrances	167,274					167,274
Unassigned	<u>12,030,047</u>				<u>(14,014)</u>	<u>12,016,033</u>
Total Fund Balances	<u>\$ 13,056,631</u>	<u>\$ 2,355,680</u>	<u>\$ 2,084,636</u>	<u>\$ 2,927</u>	<u>\$ 1,308,983</u>	<u>\$ 18,808,857</u>

Encumbrances of \$176,584 are contained in the above table in the assigned category of the General Fund.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
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**9. RISK MANAGEMENT**

The Town is exposed to various risks of loss including torts; public official liabilities; police liability; heart and hypertension claims; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town purchases commercial insurance for all risks of loss except medical insurance. The Town established an internal service fund, the medical insurance fund, to account for and finance the retained risk of loss for the Town’s medical benefits claims. Settled claims have not exceeded coverage in any of the past three years and there has not been a significant reduction in coverage in the fiscal year July 1, 2015 to June 30, 2016.

A third party administers the medical insurance plan for which the Town pays a fee. The medical insurance fund provides coverage for most Town employees. The Town has purchased a stop loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$100,000. During the year, deductibles paid by the Town were insignificant. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from amounts held in the prior year.

The medical insurance fund is substantially funded by the Town’s General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability reported is based on the requirements of GASB Statements No. 10 and 30, which require a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

An analysis of the activity in the claims liability is as follows:

<b>Medical Insurance Fund</b>	<b>Balance July 1</b>	<b>Current Year Claims And Changes In Estimates</b>	<b>Claims Payments</b>	<b>Balance June 30</b>
2014-2015	\$ 294,000	\$ 4,373,131	\$ 4,342,131	\$ 325,000
2015-2016	325,000	4,383,486	4,357,486	351,000

The Town has Connecticut Interlocal Risk Management Agency (CIRMA) for workers compensation coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA retains \$1,000,000 per occurrence. To limit liability, the Town has additional umbrella coverage provided by CIRMA in variable amounts per occurrence.

## **10. PENSION PLANS**

### *Municipal Employees' Retirement System*

#### **A. Plan Description**

All full-time employees except teachers who are eligible to participate in the State of Connecticut Teachers' Retirement System, participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at [www.ct.gov](http://www.ct.gov).

#### **B. Benefit Provisions**

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members.

##### **Normal Retirement**

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1 1/2% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

##### **Early Retirement**

Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

##### **Disability Retirement - Service Connected**

Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability. Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

##### **Disability Retirement - Non-Service Connected**

Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
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**Death Benefit**

Employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and reduced 50% joint and survivor allowance.

**C. Contributions**

**Member**

Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

**Employer**

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions.

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the Town reports a total liability of \$5,898,563 for government-wide financials in Exhibit I for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2016, the Town's proportion was 3.1% which represents a decrease in proportion from June 30, 2015 of 1.2%.

For the year ended June 30, 2016, the Town recognized pension expense of \$1,138,398 in Exhibit II. At June 30, 2016, the Town reported deferred inflow of resources related to pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>
Net difference between projected and actual earnings on pension plan investments	\$ 447,061
Town contributions subsequent to the measurement date	<u>833,404</u>
Total	<u>\$ 1,280,465</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
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Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2017	\$ 24,826
2018	24,826
2019	24,826
2020	<u>372,583</u>
Total	<u>\$ 447,061</u>

**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.



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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	.4%
Total	100.0%	

**F. Discount Rate**

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

**G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Town's proportionate share of the net pension liability, calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	<b>1% Decrease (7.00%)</b>	<b>Current Discount Rate (8.00%)</b>	<b>1% Increase (9.00%)</b>
Town's proportionate share of the net pension liability	\$ 10,756,430	\$ 5,898,563	\$ 1,806,210

**H. Plan Fiduciary Net Position**

For the fiscal year ended June 30, 2015, the fiduciary net position of the MERS plan was restated to change the method of accounting for contributions receivable from a present value method to a gross method. The result of the restatement was to decrease the net pension liability and increase the July 1, 2014 fiduciary net position of the MERS plan by \$139,565,000. The effect on the Town of Windsor Locks financial statements was to increase the net pension liability and decrease the government activities' net position as shown in Note 13.

**I. Payable to MERS**

The Town has also recorded \$64,632 as a long-term payable to MERS at June 30, 2016. This amount represents prior service costs calculated when the Town entered the plan, as such, the Town has restated beginning net position. The effect of the restatement was to decrease beginning net position and increase accounts payable to MERS as shown in Note 13.

*Teachers' Retirement Plan*

**A. Plan Description**

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

**B. Benefit Provisions**

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

**Normal Retirement**

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

**Early Retirement**

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**Disability Retirement**

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

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**C. Contributions**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

*Employer (School Districts)*

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

*Employees*

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>38,927,124</u>
Total	\$	<u><u>38,927,124</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. At June 30, 2015, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the Town recognized pension expense and revenue of \$3,119,043 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
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**E. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (Non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	<u>100.0%</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the 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.

**G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**H. Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**11. POSTEMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN**

**A. Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the Retiree Health Plan (RHP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the Town.

**B. Plan Description**

The RHP is a single-employer defined benefit healthcare plan administered by the Town of Windsor Locks. The RHP provides medical benefits to eligible retirees and their spouses. All employees of the Town are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees.

The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Postemployment Benefits Trust Fund. The plan does not issue a stand-alone financial report.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016**

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At July 1, 2015, plan membership consisted of the following:

	<b>Retiree Health Plan</b>
Retired members and their spouses	26
Active plan members	<u>367</u>
Total Participants	<u><u>393</u></u>

**C. Funding Policy**

The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

*Town Employees*

The cost per month for Town retirees receiving coverage is dependent upon the negotiated union contract in effect at the date of retirement. In fiscal year 2016, the average cost was \$784 per month for single coverage, and \$1,703 per month for retiree and spouse coverage.

*Board of Education Employees*

The cost per month for Board of Education employees receiving coverage is \$582 per month for retiree only coverage and \$1,280 per month for retiree and spouse coverage.

For the year ended June 30, 2016, plan members contributed \$209,077, and claims and benefits paid were \$455,839. Employer contributions were \$347,299. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**D. Annual OPEB Cost and Net OPEB Obligations**

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	<b><u>Retiree Health Plan</u></b>
Annual required contribution (ARC)	\$ 360,756
Interest on net OPEB obligation	65,760
Adjustment to annual required contribution	<u>(69,039)</u>
Annual OPEB cost	357,477
Contributions made	<u>347,299</u>
Increase in net OPEB obligation	10,178
Net OPEB obligation at beginning of year	<u>876,795</u>
Net OPEB Obligation at End of Year	<u><u>\$ 886,973</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended June 30, 2014, 2015 and 2016 are presented below.

<b><u>Fiscal Year Ended</u></b>	<b><u>Annual OPEB Cost (AOC)</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Percentage of AOC Contributed</u></b>	<b><u>Net OPEB Obligation</u></b>
6/30/14	\$ 382,156	\$ 356,970	93.41 %	\$ 1,056,864
6/30/15	345,816	525,885	152.07	876,795
6/30/16	357,477	347,299	97.15	886,973

**Schedule of Employer Contributions**

<b><u>Fiscal Year Ended</u></b>	<b><u>Annual Required Contribution (ARC)</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Percentage of ARC Contributed</u></b>
6/30/14	\$ 386,014	\$ 356,970	92.48 %
6/30/15	349,769	525,885	150.35
6/30/16	360,756	347,299	96.27

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Schedule of Funding Progress**

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2011	\$ 1,065,348	\$ 3,924,205	\$ 2,858,857	27 %	\$ 23,952,238	12 %
7/1/2013	1,550,968	4,038,637	2,487,669	38	22,136,805	11
7/1/2015	2,092,160	4,798,725	2,706,565	44	24,194,757	11

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 accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections for 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 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.

In the July 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 6.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 8% initially, reduced by decrements of 0.5% to an ultimate rate of 5% for 2021 and later. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized each year over a constant 30 year period, as a level dollar amount.

**12. CONTINGENT LIABILITIES**

The Town is a defendant in various lawsuits. It is the opinion of Town officials that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town that would materially adversely affect its financial position.



**TOWN OF WINDSOR LOCKS, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**13. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT**

The following restatements were recorded as described in Note 10.

	<u>Net Position</u>	<u>Net Pension Liability</u>	<u>Payable to MERS</u>
Net position balance at June 30, 2015, as previously reported	\$ 80,222,400	\$ 2,984,777	\$ -
Adjustments:			
Change in method of accounting for contributions	(1,255,684)	1,255,684	
Payable related to prior service costs	<u>(75,404)</u>		<u>75,404</u>
Net Position Balance at July 1, 2015, as Restated	<u>\$ 78,891,312</u>	<u>\$ 4,240,461</u>	<u>\$ 75,404</u>

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Property Taxes:				
Current taxes	\$ 30,727,704	\$ 30,727,704	\$ 30,610,534	\$ (117,170)
Supplemental taxes	1,200,000	1,200,000	1,521,508	321,508
Prior year taxes	400,000	400,000	545,125	145,125
Interest and lien fees	150,000	150,000	253,365	103,365
Telephone access line	48,000	48,000	44,868	(3,132)
Housing authority in lieu of tax	26,000	26,000	35,798	9,798
Total property taxes	<u>32,551,704</u>	<u>32,551,704</u>	<u>33,011,198</u>	<u>459,494</u>
Intergovernmental:				
General government:				
In lieu of tax, State Property	3,384,118	3,384,118	3,319,686	(64,432)
Elderly circuit breaker	135,000	135,000	112,871	(22,129)
Totally Disabled Grants	300	300	518	218
Capital improvement program	326,330	326,330	315,862	(10,468)
Veterans' Exemptions	14,000	14,000	9,267	(4,733)
Office of Emergency Management	6,000	6,000	6,751	751
Off Track Betting/Teletheater	500,000	500,000	464,613	(35,387)
Mashantucket Pequot/Mohegan Grant	449,392	449,392	450,903	1,511
Municipal Revenue Sharing	1,907,971	1,907,971	1,907,971	-
Senior Center Transportation Grant	14,000	14,000	14,368	368
Youth Services	14,000	14,000	14,000	-
Total general government	<u>6,751,111</u>	<u>6,751,111</u>	<u>6,616,810</u>	<u>(134,301)</u>
Education:				
Educational Cost Sharing	4,652,368	4,652,368	4,653,001	633
School Building Grants	261,733	261,733	420,222	158,489
School Transportation	80,635	80,635	78,302	(2,333)
Special Education	1	1		(1)
Total education	<u>4,994,737</u>	<u>4,994,737</u>	<u>5,151,525</u>	<u>156,788</u>
Total intergovernmental	<u>11,745,848</u>	<u>11,745,848</u>	<u>11,768,335</u>	<u>22,487</u>

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for Services:				
Conveyance tax	\$ 100,000	\$ 100,000	\$ 114,808	\$ 14,808
Town Clerk's Office	90,000	90,000	89,900	(100)
Building permits	200,000	200,000	431,286	231,286
Zoning Board of Appeals	1,500	1,500	1,213	(287)
Planning and Zoning	5,000	5,000	4,235	(765)
Other licenses and permits	2,500	2,500	10,925	8,425
Trash haulers permits	1,800	1,800	2,900	1,100
Assessors Office	300	300	147	(153)
Inland Wetland fees	1,000	1,000	1,025	25
False alarm fines	500	500		(500)
Tobacco valley probate cost share	16,800	16,800	15,747	(1,053)
Superior Court	11,000	11,000	9,259	(1,741)
Parking tickets	25,000	25,000	3,495	(21,505)
CONA program fees	3,500	3,500		(3,500)
Airplane registration fees	50,000	50,000	50,290	290
Tuitions	4,000	4,000	4,305	305
Park Revolving Fund	159,230	159,230	159,230	-
Police accident reports	2,000	2,000	2,520	520
Senior Citizen Mini-bus fee	3,200	3,200	3,925	725
Rent from schools	2,500	2,500	3,006	506
Tower rental	75,000	75,000	105,455	30,455
Town auction	1	1	3,339	3,338
Total charges for services	<u>754,831</u>	<u>754,831</u>	<u>1,017,010</u>	<u>262,179</u>
Investment Income:				
Income on investments	<u>95,000</u>	<u>95,000</u>	<u>72,893</u>	<u>(22,107)</u>
Other Revenues:				
Miscellaneous receipts	40,000	40,000	193,294	153,294
Recycling program	24,000	24,000	9,115	(14,885)
Foreign Trade Zone	1	1	427	426
Workers' Compensation	12,000	12,000	7,859	(4,141)
Total other revenues	<u>76,001</u>	<u>76,001</u>	<u>210,695</u>	<u>134,694</u>
Total revenues	<u>45,223,384</u>	<u>45,223,384</u>	<u>46,080,131</u>	<u>856,747</u>

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources:				
Transfers from other funds:				
Sewer administration fund	\$ 130,634	130,634	\$ 135,434	\$ 4,800
Police reimbursement	30,000	30,000	30,000	-
James DeForest Phelps fund	20	20	3	(17)
Total other financing sources	<u>160,654</u>	<u>160,654</u>	<u>165,437</u>	<u>4,783</u>
Total	<u>\$ 45,384,038</u>	<u>\$ 45,384,038</u>	46,245,568	<u>\$ 861,530</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.

3,119,043

The Town does not budget for bond premium revenue

489,644

The Town does not budget for BAN premium revenue

31,399

The Board of Education does not budget for charges for services revenues received, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.

391,683

Cancellation of prior year encumbrances are recognized as budgetary revenue.

(140,253)

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV

\$ 50,137,084

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
Auditing Services	\$ 35,760	\$ 38,575	\$ 38,575	\$ -
Board of Assessment Appeals	1,102	1,454	1,438	16
Board of Assessors	151,162	158,805	151,587	7,218
Board of Finance	6,240	7,798	7,601	197
Board of Selectmen	166,841	195,088	191,147	3,941
Building Official	233,608	261,980	261,155	825
Capital Improvement Advisory Commission	458	458	201	257
Conservation Commission	2,998	3,036	2,716	320
Contingency Fund	250,000	148,441		148,441
Economic Development Commission	28,521	28,525	28,307	218
Finance Department	242,156	244,575	242,866	1,709
General expense all buildings	23,750	23,750	22,484	1,266
Historical Commission	1,308	1,308	1,199	109
Holiday observance	3,000	3,000	2,696	304
Human Resource	54,482	54,482	52,172	2,310
Information Technologies	78,352	78,352	75,885	2,467
Inland/Wetlands Agency	2,750	2,816	2,674	142
Municipal associations	20,667	20,667	20,667	-
Planning and Zoning Commission	12,543	12,647	10,499	2,148
Probate Court	20,300	21,785	20,522	1,263
Registrar of Voters	44,207	46,354	45,530	824
Senior Center	83,023	88,542	88,286	256
Tax Collector	159,439	187,843	186,776	1,067
Town Clerk	136,059	137,184	135,838	1,346
Town Counsel	81,000	78,083	55,793	22,290
Town Engineer	50,000	50,000	44,765	5,235
Town Office Building	162,208	163,977	161,935	2,042
Town Treasurer	200	200	200	-
Zoning Board of Appeals	5,095	5,445	5,444	1
Total general government	<u>2,057,229</u>	<u>2,065,170</u>	<u>1,858,958</u>	<u>206,212</u>
Public safety:				
Ambulance Association	9,000	9,000	9,000	-
Fire	371,198	371,197	321,388	49,809
Fire Marshal	72,361	72,361	65,805	6,556
Marine services	300	300		300
Nine bay garage/safety complex	2,482	2,482	1,288	1,194
Office of Emergency Management	28,798	28,798	26,621	2,177
Police	3,283,666	3,283,666	3,225,445	58,221
Animal control	6,178	6,178	4,627	1,551
Safety Complex	180,947	183,087	164,253	18,834
Water main/street lighting	654,446	671,765	671,764	1
Total public safety	<u>4,609,376</u>	<u>4,628,834</u>	<u>4,490,191</u>	<u>138,643</u>

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Landfill/refuse removal	\$ 931,619	\$ 931,619	\$ 925,648	\$ 5,971
Public Works Department	1,336,155	1,361,657	1,346,971	14,686
Public Works Garage	27,584	27,584	25,851	1,733
Snow removal	61,500	61,500	41,197	20,303
Spring Street Garage	8,920	8,920	7,875	1,045
Total public works	<u>2,365,778</u>	<u>2,391,280</u>	<u>2,347,542</u>	<u>43,738</u>
Health and welfare:				
Commission on Needs of the Aging	200,606	201,952	201,737	215
Outside services	113,350	113,350	104,600	8,750
Social services	56,085	56,085	51,451	4,634
Youth Service Bureau	61,842	61,842	60,979	863
Total health and welfare	<u>431,883</u>	<u>433,229</u>	<u>418,767</u>	<u>14,462</u>
Recreation:				
Parks and recreation	394,095	394,095	380,316	13,779
Public library	450,000	450,000	450,000	-
Total recreation	<u>844,095</u>	<u>844,095</u>	<u>830,316</u>	<u>13,779</u>
Employee benefits and insurance:				
Employee benefits	2,539,405	2,485,158	2,241,921	243,237
Insurance and bonds	462,600	462,600	452,711	9,889
Total employee benefits and insurance	<u>3,002,005</u>	<u>2,947,758</u>	<u>2,694,632</u>	<u>253,126</u>
Education	<u>29,336,822</u>	<u>29,336,822</u>	<u>29,322,715</u>	<u>14,107</u>
Debt service:				
Bond redemption	1,919,177	1,921,567	1,921,566	1
Interest	413,973	411,583	317,676	93,907
Total debt service	<u>2,333,150</u>	<u>2,333,150</u>	<u>2,239,242</u>	<u>93,908</u>
Total expenditures	<u>44,980,338</u>	<u>44,980,338</u>	<u>44,202,363</u>	<u>777,975</u>

(Continued on next page)

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing uses:				
Transfers to other funds:				
Capital Improvement Fund	\$ 1,442,270	1,442,270	\$ 1,442,270	\$ -
Total	\$ <u>46,422,608</u>	\$ <u>46,422,608</u>	45,644,633	\$ <u>777,975</u>
Budgetary expenditures are different than GAAP expenditures because:				
Transfers are recorded for budget purposes only.				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.				
			3,119,043	
The Board of Education does not budget for charges for services revenues received, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.				
			391,683	
The Town does not budget for accrued payroll.				
			104,417	
Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes, while encumbrances are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.				
			<u>287,270</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>49,547,046</u>	

**TOWN OF WINDSOR LOCKS, CONNECTICUT**  
**SEWER ADMINISTRATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Sewer use charges and interest	\$ 1,860,000	\$ 1,860,000	\$ 2,040,927	\$ 180,927
Fees	26,750	26,750	359,975	333,225
Investment income	12,500	12,500	32,826	20,326
Miscellaneous			563	563
Total revenues	<u>1,899,250</u>	<u>1,899,250</u>	<u>2,438,778</u>	<u>539,528</u>
Expenditures:				
Salaries	675,248	675,248	591,911	83,337
Fringe benefits	266,636	266,636	252,739	13,897
Overtime	38,500	38,500	35,241	3,259
Audit and legal fees	14,320	22,892	22,892	-
Chemicals/chlorine	82,513	82,513	82,202	311
Contingency	10,000			-
Electricity	188,342	175,186	175,044	142
Equipment rental/hauling	7,996	6,022	5,538	484
Fuel, oil, natural gas	25,785	17,785	16,597	1,188
Gasoline and diesel	8,477	8,477	7,319	1,158
Insurance	48,411	50,287	50,287	-
Lab equipment	24,580	26,555	26,555	-
Manholes	2,500	2,500	2,400	100
Mechanical maintenance	41,500	62,988	62,615	373
Outside services	23,964	23,964	23,083	881
Safety training	1,000	1,000	525	475
Sewer line maintenance	9,800	13,219	13,219	-
Sludge disposal	79,000	79,000	78,489	511
Supplies	37,425	33,225	33,169	56
Telephone	5,494	5,494	5,416	78
User fee administration	10,992	10,992	10,451	541
Vehicle parts, repairs	6,500	6,500	6,419	81
Water	8,998	8,998	8,967	31
Total expenditures	<u>1,617,981</u>	<u>1,617,981</u>	<u>1,511,078</u>	<u>106,903</u>
Excess of Revenues over Expenditures	281,269	281,269	927,700	646,431
Other financing uses:				
Transfers out	<u>(285,791)</u>	<u>(285,791)</u>	<u>(381,942)</u>	<u>(96,151)</u>
Net Change in Fund Balance	\$ <u>(4,522)</u>	\$ <u>(4,522)</u>	545,758	\$ <u>550,280</u>
Fund Balance at Beginning of Year			<u>1,809,922</u>	
Fund Balance at End of Year			<u>\$ 2,355,680</u>	



**TOWN OF WINDSOR LOCKS, CONNECTICUT  
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
 LAST TWO FISCAL YEARS**

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	3.06%	4.30%
Town's proportionate share of the net pension liability	\$ 5,898,563	\$ 4,240,461
Town's covered-employee payroll	\$ 6,033,920	\$ 6,192,516
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	97.76%	68.48%
Plan fiduciary net position as a percentage of the total pension liability	92.72%	90.48%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS - MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 373,433	\$ 409,809	\$ 423,637	\$ 464,813	\$ 617,037	\$ 700,489	\$ 732,126	\$ 799,677	\$ 902,297	\$ 833,404
Contributions in relation to the actuarially determined contribution	<u>373,433</u>	<u>409,809</u>	<u>423,637</u>	<u>464,813</u>	<u>617,037</u>	<u>700,489</u>	<u>732,126</u>	<u>799,677</u>	<u>902,297</u>	<u>833,404</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered employee payroll	\$ 4,585,770	\$ 5,099,667	\$ 5,108,753	\$ 5,151,809	\$ 5,368,347	\$ 5,325,278	\$ 5,396,456	\$ 5,676,638	\$ 6,192,516	\$ 6,033,920
Contributions as a percentage of covered employee payroll	8.14%	8.04%	8.29%	9.02%	11.49%	13.15%	13.57%	14.09%	14.57%	13.81%

**Notes to Schedule**

Valuation date: June 30, 2014  
 Measurement date: June 30, 2015  
 Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age  
 Amortization method: Level dollar, closed  
 Single equivalent amortization period: 27 years  
 Asset valuation method: 5 years smoothed market (20% write up)  
 Inflation: 3.25%  
 Salary increases: 4.25% - 11%, including inflation  
 Investment rate of return: 8%, net of investment related expense  
 Changes in assumptions: In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

**TOWN OF WINDSOR LOCKS, CONNECTICUT  
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 TEACHERS RETIREMENT PLAN  
 LAST TWO FISCAL YEARS**

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>38,927,124</u>	<u>35,980,325</u>
Total	<u>\$ 38,927,124</u>	<u>\$ 35,980,325</u>
Town's covered-employee payroll	\$ 13,614,238	\$ 14,344,121
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

**Notes to Schedule**

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

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***Appendix B***

***Opinion of Bond Counsel and Tax Exemption***

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

*The following information has been prepared by Bond Counsel in connection with this note 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 Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful bidder.

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Windsor Locks  
Windsor Locks, Connecticut

We have represented the Town of Windsor Locks, Connecticut as Bond Counsel in connection with the issuance by the Town of \$8,810,000 Bond Anticipation Notes, dated as of March 23, 2017.

We have examined a record of proceedings authorizing the Notes, and based on our examination, we are of the opinion that the Town of Windsor Locks is authorized to issue the Notes; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Notes; the Notes 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 Notes 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 Notes 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 Notes is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Notes 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 Notes will be excluded from gross income for Federal income tax purposes. The representations and agreements also provide that the Notes 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 Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (2) the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal

alternative minimum tax; and (3) the Notes 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 Notes, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Notes 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 Notes 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 Notes. Failure to comply with any of these requirements may cause the interest on the Notes 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 Notes will enter into a Tax Compliance Agreement in connection with the delivery of the Notes, 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 Notes will be excluded from the gross income of the owners thereof for federal income tax purposes.

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

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

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

***Additional Federal Income Tax Matters.*** In addition to the matters addressed above, prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations, such as the Notes, 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 Notes 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 Notes, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Notes 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 Notes is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Notes 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 PREMIUM.**

The initial public offering price of certain of the Notes may be greater than the amount payable on the Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Notes are sold over the amount payable thereon at maturity constitutes original issue premium. No representation is made by the Town regarding the prices at which a substantial amount of the Notes ultimately will be sold to the public. An owner who purchases a note with original issue premium must amortize such original issue premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the note for federal income tax purposes. Owners of Notes having original issue premium, and especially any owner who is not an original owner of a note who bought the note 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 notes.

## **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 Notes will not have an effect on the federal tax status or the market price of the Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Notes, 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 Notes 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 Notes 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 Notes. Prospective owners of the Notes, 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 Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

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***Appendix C***

***Form of Continuing Disclosure Agreement***

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## APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR NOTES

*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 Notes to be executed by the Town substantially in the following form, to provide, or cause to be provided, notice of the occurrence of certain events with respect to the Notes:*

### **Continuing Disclosure Agreement For Notes**

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of March 23, 2017 by the Town of Windsor Locks, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$8,810,000 Bond Anticipation Notes, dated as of March 23, 2017 of the Issuer (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

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

"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. 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 Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) Note defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes, if material;

- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

*Event (f).* Event (f) is relevant only to the extent interest on the Notes 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 Notes will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Note to be redeemed as required under the terms of the Notes, 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 Note purchases.

### **Section 3. Use of Agents.**

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 4. 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 Notes, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

### **Section 5. Enforcement.**

The Issuer acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. 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 five business days with respect to the undertakings set forth in Section 2 of this Agreement) from the time the Issuer's Finance Director, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the Finance Director is Town Office Building, 50 Church Street, Windsor Locks, Connecticut 06096.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Notes 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 Notes.

**Section 6. Miscellaneous.**

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Section 2 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 information, data or additional notices from time to time as it deems appropriate in connection with the Notes. If the Issuer elects to provide any such information, data or additional notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further information, data or additional 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 Notes, 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.

(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 LOCKS

By: \_\_\_\_\_  
J. Christopher Kervick  
First Selectman

By: \_\_\_\_\_  
William R. Hamel  
Treasurer

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***Appendix D***

***Notice of Sale and Bid Form***

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**NOTICE OF SALE**  
**\$8,810,000**  
**Town of Windsor Locks, Connecticut**  
**Bond Anticipation Notes**  
**(BOOK-ENTRY)**

TELEPHONE PROPOSALS, SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Windsor Locks, Connecticut at Town Hall, Selectman's Conference Room, 50 Church Street, Windsor Locks, Connecticut until **11:30 A.M. Eastern Time on WEDNESDAY,**

**MARCH 15, 2017**

for the purchase of \$8,810,000 Bond Anticipation Notes of the Town of Windsor Locks, dated March 23, 2017, maturing on March 22, 2018 (the "Notes").

The Town will designate the Notes 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 Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

The Notes 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 Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate 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 Notes 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 Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal 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 Notes 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 Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

**Proposals.** Proposals may be made for all or any part of the Notes (and at the option of the bidder, a premium (**which may not exceed \$176,200**)). No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal. 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 net interest rate 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.

**Sealed Proposals Bidding Procedure.** All sealed proposals for the purchase of the Notes shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Windsor Locks Notes." All proposals should be addressed to Ms. Amanda Moore, Finance Director, Town of Windsor Locks, 50 Church Street, Windsor Locks, Connecticut 06096.

**Telephone Proposals Bidding Procedure.** Telephone bids for the purchase of the Notes will be received on behalf of the Town by telephone call to an authorized agent of Phoenix Advisors, LLC, the Town's financial advisor, at (203) 283-1110.

**Electronic Proposals Bidding Procedure.** Electronic bids for the purchase of the Notes 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 Notes via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes 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 Notes 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 Notes. 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 Notes, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale 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 of Sale and the form of Proposal for Notes.

**Basis of Award.** As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium

offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The Town reserves the right to award to any bidder all or any part of the Notes bid for in its 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 Notes 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 Notes 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 Notes and receipt of payment therefor, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes 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 Note 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 Notes. 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.

**Bond Counsel Opinion.** The opinion of Bond Counsel will cover the following matters: (1) that the Notes 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 Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and the Notes are "qualified tax-exempt obligations"; and (3) that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes 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.

**Official Statement.** The Town of Windsor Locks has prepared a preliminary Official Statement for the Note issue which is dated March 6, 2017. 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 each winning purchaser 5 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(s) at the office of the Town's financial advisor, Phoenix Advisors, LLC, Milford, Connecticut, by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. The purchaser shall arrange with the financial 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 Notes, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement for Notes"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events with respect to the Notes. The winning bidder's obligation to

purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for Notes.

**CUSIP Numbers.** The deposit of the Notes 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 Notes prior to delivery. Neither the failure to print such CUSIP number on any note, 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 Notes. All expenses in relation to the printing of CUSIP numbers on the Notes 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.

**Reoffering Prices.** **IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE NOTES THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF THE NOTES WERE SOLD.** The successful bidder may specify that the Bonds as “not reoffered” if the successful bidder certifies that it purchased the specified Bonds for its own account (or the account of a related party) without any present intention of reoffering such Notes to any other investor.

**Delivery Date and Payment.** The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on March 23, 2017.

**More Information.** For more information regarding this issue and the Town reference is made to Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 283-1110) or from Ms. Amanda Moore, Finance Director, Town of Windsor Locks, Town Hall, 50 Church Street, Windsor Locks, Connecticut 06096 (telephone: (860) 627-1449).

J. CHRISTOPHER KERVICK,  
*First Selectman*

WILLIAM R. HAMEL,  
*Treasurer*

March 6, 2017

**PROPOSAL FOR NOTES**

March 15, 2017

Ms. Amanda Moore  
Finance Director  
Town of Windsor Locks  
Town Hall  
50 Church Street  
Windsor Locks, Connecticut 06096

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated March 6, 2017 which is hereby made a part of this proposal, we hereby offer to purchase the principal amount of the Notes specified below at the interest rate per annum plus the premium, if any, specified below, and to pay therefor said principal amount, premium, if any, (not to exceed false months interest on the principal amount bid for), and interest accrued on said Notes to the date of their delivery, if any. The following is our computation of the net interest rate, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Of the \$8,810,000 Bond Anticipation Notes of the Town of Windsor Locks, dated March 23, 2017, maturing March 22, 2018, we bid the following:

Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)
Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)

Name of Bidder: \_\_\_\_\_  
Address of Bidder: \_\_\_\_\_  
Signature of Officer or Authorized Agent of Bidder: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_

The following is our computation of the net interest cost, made as provided in the above mentioned Notice of Sale, but not constituting any part of the foregoing proposal:

Gross Interest	\$	_____	
Less Premium	\$	_____	
Net Interest Cost	\$	_____	
Percent Net Interest Cost		_____	%
		(four decimals)	