

# FINAL OFFICIAL STATEMENT DATED OCTOBER 22, 2019

**New Issue/Refunding: Book-Entry Only**

**Ratings: S&P Global Ratings: "AA" (BAM Insured)  
Underlying Ratings: S&P Global Ratings: "AA- / SP-1+"**

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Series A Bonds and Notes (the "Tax Exempt Obligations") is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax under the Code. In the opinion of Bond Counsel, interest on the Series B Bonds (the "Taxable Bonds") is includable in gross income for federal income tax purposes. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrued or receipt of interest on, the Bonds and Notes. (See "Tax Matters" herein.)*



## **Town of Windham, Connecticut**

**\$16,295,000**

### **General Obligation Bonds, Issue of 2019, Series A**

**Dated: Date of Delivery**

**Due: August 15, as detailed inside this front cover:**

The Town of Windham General Obligation Bonds, Issue of 2019, Series A (the "Series A Bonds") will be general obligations of the Town of Windham, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Series A Bonds when due (see "Security and Remedies" herein).

Interest on the Series A Bonds will be payable semiannually on February 15 and August 15 in each year until maturity, commencing February 15, 2020.

**THE SERIES A BONDS ARE SUBJECT TO REDEMPTION PRIOR TO MATURITY.**

**\$2,275,000**

### **General Obligation Bonds, Issue of 2019, Series B (Federally Taxable)**

**Dated: Date of Delivery**

**Due: August 15, as detailed inside this front cover:**

The Town of Windham General Obligation Bonds, Issue of 2019, Series B, (Federally Taxable) (the "Series B Bonds" or the "Taxable Bonds") will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and the interest on the Series B Bonds when due (see "Security and Remedies" herein).

Interest on the Series B Bonds will be payable semiannually on February 15 and August 15 in each year until maturity, commencing February 15, 2020.

**THE SERIES B BONDS ARE SUBJECT TO REDEMPTION PRIOR TO MATURITY.**

**\$13,500,000**

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

**Dated: October 29, 2019**

**Due: October 1, 2020**

The Town's General Obligation Bond Anticipation Notes, dated October 29, 2019 (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 the interest on the Notes when due. (See "Security and Remedies" herein.)

The Notes are NOT subject to redemption.

The Series A Bonds and the Series B Bonds (collectively, the "Bonds") and the Notes will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. The beneficial owners of the Bonds and Notes will not receive certificates representing their ownership interest in the Bonds or Notes as the case may be. Principal of, redemption premium, if any, and interest payments on, the Bonds and Notes will be made by the Town to DTC, or its nominee as registered owner of the Bonds and Notes. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds and Notes will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. Ownership of the Notes will be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry-Only Transfer System" herein.)

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.



The Registrar, Transfer Agent, Paying Agent, Certifying Agent and Escrow Agent will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.

The Bonds and Notes are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut and certain other conditions. Certain matters will be passed upon for the Underwriter by Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut, Underwriter's Counsel. It is expected that delivery of the Bonds and Notes in book-entry-only form will be made to DTC on or about October 29, 2019.

**RAYMOND JAMES®**

**Town of Windham, Connecticut**  
**\$16,295,000**  
**General Obligation Bonds, Issue of 2019, Series A**

**Dated:**    **Date of Delivery**

**Due: August 15, as detailed below:**

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>
2020	\$ 185,000	4.000%	1.350%	973279SG8	2030*	\$ 670,000	4.000%	2.150%	973279SS2
2021	270,000	4.000%	1.370%	973279SH6	2031*	600,000	4.000%	2.300%	973279ST0
2022	880,000	4.000%	1.400%	973279SJ2	2032*	600,000	4.000%	2.440%	973279SU7
2023	890,000	4.000%	1.440%	973279SK9	2033*	600,000	4.000%	2.480%	973279SV5
2024	905,000	4.000%	1.480%	973279SL7	2034*	600,000	4.000%	2.520%	973279SW3
2025	910,000	4.000%	1.570%	973279SM5	2035*	600,000	4.000%	2.560%	973279SX1
2026	645,000	4.000%	1.680%	973279SN3	2036*	600,000	4.000%	2.600%	973279SY9
2027	645,000	4.000%	1.770%	973279SP8	2037*	600,000	4.000%	2.640%	973279SZ6
2028	645,000	4.000%	1.880%	973279SQ6	2038*	600,000	4.000%	2.680%	973279TA0
2029	670,000	4.000%	2.040%	973279SR4	2039*	600,000	4.000%	2.710%	973279TB8

\* Priced assuming redemption on August 15, 2029; however, any such redemption is at the option of the Town.

**\$3,580,000 3.000% Term Bond due August 15, 2045 – Yield 3.100% CUSIP<sup>1</sup>: 973279TC6**

**\$2,275,000**  
**General Obligation Bonds, Issue of 2019, Series B (Federally Taxable)**

**Dated:**    **Date of Delivery**

**Due: August 15, as detailed below:**

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP</b>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP</b>
2021	\$ 120,000	4.000%	2.170%	973279TD4	2026	\$ 120,000	4.000%	2.730%	973279TJ1
2022	120,000	4.000%	2.270%	973279TE2	2027	120,000	4.000%	2.820%	973279TK8
2023	120,000	4.000%	2.320%	973279TF9	2028	120,000	4.000%	2.870%	973279TL6
2024	120,000	4.000%	2.430%	973279TG7	2029	120,000	4.000%	2.970%	973279TM4
2025	120,000	4.000%	2.530%	973279TH5					

**\$600,000 3.370% Term Bond due August 15, 2034 – Yield 3.370% CUSIP<sup>1</sup>: 973279TN2**

**\$595,000 3.650% Term Bond due August 15, 2039 – Yield 3.650% CUSIP<sup>1</sup>: 973279TP7**

**\$13,500,000**  
**General Obligation Bond Anticipation Notes**

**Dated:**    **October 29, 2019**  
**Due:**     **October 1, 2020**  
**CUSIP:** <sup>1</sup> **973279TQ5**

**Rate:**     **3.00%**  
**Yield:**    **1.45%**

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

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations not contained in this Official Statement or any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor any sale of the Bonds or 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 Bonds and 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 Bond or 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.

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth herein as the opinions of Bond Counsel in Appendix C, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

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

In connection with the offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time without prior notice.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix D - Specimen Municipal Bond Insurance Policy".

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## ***I. Bond & 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 Windham, Connecticut (the “Town”) in connection with the issuance and sale of the Town’s \$16,295,000 General Obligation Bonds, Issue of 2019, Series A (the “Series A Bonds”) and \$2,275,000 General Obligation Bonds, Issue of 2019, Series B, (Federally Taxable) (the “Series B Bonds”, and collectively with the Series A Bonds, the “Bonds”) and \$13,500,000 General Obligation Bond Anticipation Notes (the “Notes”) of the Town.

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 Bonds or the Notes. Any statement made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not intended to be representations of fact, and no representation is made that any of such statements 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. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

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

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

Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement other than as to matters expressly set forth herein as its opinions and it makes no representation that it has independently verified the same.

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

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, certain annual financial information and operating data, notice of the occurrence of certain events and notice of the failure to file annual reports with respect to the Bonds pursuant to the Continuing Disclosure Agreements to be executed substantially in the forms of Appendices C-1 and C-2 to this Official Statement and notice of the occurrence of certain events with respect to the Notes pursuant to the Continuing Disclosure Agreement to be executed substantially in the form of Appendix C-3 to this Official Statement. The successful bidder’s obligation to purchase the Bonds and the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds and the Notes, executed copies of the Continuing Disclosure Agreements.

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

### ***Municipal Advisor***

Phoenix Advisors, LLC, of Milford, Connecticut (the “Municipal Advisor”) has served as Municipal Advisor to the Town with respect to the issuance of the Bonds and the Notes. The information in this Official Statement has been prepared by the Town 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.

## ***The Bonds***

### ***Description of the Bonds***

The Bonds will be payable as set forth on the inside cover page of this Official Statement. The Bonds will be dated on the date of delivery and will pay interest on February 15, 2020 and semiannually thereafter on August 15 and February 15 in each year until maturity. Interest will be calculated on the basis of twelve thirty-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last day of January and July in each year by check mailed to the registered owner or, so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC and the Town shall agree. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds will be payable at the principal office of U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103.

### ***Redemption Provisions – Series A Bonds***

The Series A Bonds maturing on or before August 15, 2029 are not subject to redemption prior to maturity. The Series A Bonds maturing on August 15, 2030 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after August 15, 2029, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Series A Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b><i>Redemption Dates</i></b>	<b><i>Redemption Prices</i></b>
August 15, 2029 and thereafter.....	100.0%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner of any Series A Bonds designated for redemption, at the address of such registered owner, as the same shall last appear on the registration books for the Series A Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Series A Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Series A Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

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

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



## **Redemption Provisions – Series B Bonds**

The Series B Bonds maturing on or before August 15, 2029 are not subject to redemption prior to maturity. The Series B Bonds maturing on August 15, 2030 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after August 15, 2029, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Series B Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b><i>Redemption Dates</i></b>	<b><i>Redemption Prices</i></b>
August 15, 2029 and thereafter.....	100.0%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner of any Series B Bonds designated for redemption, at the address of such registered owner, as the same shall last appear on the registration books for the Series B Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Series B Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Series B Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

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

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

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## ***Mandatory Sinking Fund Redemption***

The Series A Bond maturing on August 15, 2045, and the Series B Bonds maturing on August 15, 2034 and August 15, 2039 are issued as term bonds and are subject to mandatory sinking fund redemption prior to maturity in part on August 15 of the respective years shown below in the principal amount shown below, without premium, from sinking fund installments deposited with the Paying Agent which are required to be made in amounts sufficient to redeem such Bonds (or to pay such Bonds at maturity in the case of the final sinking fund installment for such Bonds) in the principal amounts shown below, plus accrued interest to the date of redemption:

<b><i>Series A Bonds</i></b>		<b><i>Series B Bonds</i></b>			
<b><i>\$3,580,000 Term Bond</i></b>		<b><i>\$600,000 Term Bond</i></b>		<b><i>\$595,000 Term Bond</i></b>	
<b><i>Maturing August 15, 2045</i></b>		<b><i>Maturing August 15, 2034</i></b>		<b><i>Maturing August 15, 2039</i></b>	
<b><i>Sinking Fund</i></b>		<b><i>Sinking Fund</i></b>		<b><i>Sinking Fund</i></b>	
<b><i>Due</i></b>	<b><i>Installments</i></b>	<b><i>Due</i></b>	<b><i>Installments</i></b>	<b><i>Due</i></b>	<b><i>Installments</i></b>
2040	\$ 600,000	2030	\$ 120,000	2035	\$ 120,000
2041	600,000	2031	120,000	2036	120,000
2042	595,000	2032	120,000	2037	120,000
2043	595,000	2033	120,000	2038	120,000
2044	595,000	2034 <sup>1</sup>	120,000	2039 <sup>1</sup>	115,000
2045 <sup>1</sup>	595,000	<sup>1</sup> Final Maturity		<sup>1</sup> Final Maturity	
<sup>1</sup> Final Maturity					

## ***Description of the Notes***

The Notes will be dated October 29, 2019 and will be due and payable as to both principal and interest at maturity, October 1, 2020. 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 any multiple 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 Transfer System". The Notes are not subject to redemption prior to maturity.

## ***Authorization and Purpose***

The Bonds and Notes are issued pursuant to resolutions adopted by the Town Council and all resolutions (except for the refunding resolution) were approved at Town Meetings or referenda of the Town.

Proceeds of the Bonds and Notes will be used to finance improvements to various general purpose and school projects, and a portion of the proceeds of the Bonds and Notes will be used to refund at or prior to maturity all or any portion of the outstanding maturities of certain of the Town's General Obligation Bonds, 2010 Series A and the entirety of the Town's Bond Anticipation Notes in the principal amount of \$17 million, dated August 21, 2019 (the "Refunded Notes") and to pay costs of issuance including underwriter's discount.

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## Use of Proceeds

The Bonds and Notes are being issued to provide financing for the following projects. The allocation of proceeds to specific projects is subject to change.

<i>Project</i>	<i>Aggregate Amount Authorized</i>	<i>This Issue:</i>		
		<i>Series A Bonds</i>	<i>Series B Bonds</i>	<i>Notes Due: 10/1/20</i>
Refunding Bonds.....	\$ 3,000,000	\$ 1,895,000	\$ -	\$ -
Magnet School.....	4,000,000	1,672,500	-	-
Roads Phase II.....	3,900,000	251,800	-	-
Natchaug School Roof.....	1,568,242	79,231	-	-
High School Roof.....	4,000,000	1,385,564	-	-
Library.....	1,000,000	500,000	-	-
Microgrid/Middle School Roof.....	4,964,000	1,686,905	-	-
Roads Phase III.....	4,000,000	3,915,000	-	-
Senior/Community Center.....	14,593,635	-	-	9,000,000
Safety Complex Jail Cells.....	1,250,000	1,250,000	-	-
Replace 1986 Fire Engine.....	600,000	600,000	-	-
Jillson Park.....	1,100,000	450,000	-	-
IT Equipment - 2018.....	145,000	145,000	-	-
Public Works Equipment - 2018.....	930,000	930,000	-	-
Kramer Move.....	1,144,000	1,144,000	-	-
Windham High School Renovation....	112,062,777	-	-	3,000,000
Road & Sidewalks Phase IV.....	2,400,000	-	-	1,500,000
NWS Well System.....	125,000	-	70,000	-
WCS Well System.....	125,000	-	80,000	-
2017 BOE Capital Projects.....	275,000	-	275,000	-
2018 BOE Capital Projects.....	770,000	-	770,000	-
2019 BOE Capital Projects.....	943,000	-	943,000	-
2019 Town IT.....	137,000	-	137,000	-
Public Safety Complex Roof.....	390,000	390,000	-	-
<b>Total .....</b>	<b>\$ 163,422,654</b>	<b>\$ 16,295,000</b>	<b>\$ 2,275,000</b>	<b>\$ 13,500,000</b>

## Plan of Refunding

A portion of the Series A Bonds and the Notes (the “Refunding Obligations”) are being issued to refund at or prior to maturity all or a portion of certain maturities of certain of the outstanding series of general obligation bonds and notes of the Town (the “Refunded Notes”) as set forth below (the “Refunded Obligations”). The refunding is contingent upon delivery of the Refunding Obligations.

		<i>Maturity</i>	<i>Interest</i>	<i>Par</i>	<i>Redemption</i>	<i>Redemption</i>	
<i>Issue</i>	<i>Dated Date</i>	<i>Date</i>	<i>Rate</i>	<i>Amount</i>	<i>Date</i>	<i>Price</i>	<i>CUSIPs</i>
2010 Series A	10/21/2010	10/1/2020	2.750%	\$ 275,000	11/21/2019	100.00%	973279NE8
		10/1/2021	3.000%	280,000	11/21/2019	100.00%	973279NF5
		10/1/2022	3.000%	285,000	11/21/2019	100.00%	973279NG3
		10/1/2023	3.125%	295,000	11/21/2019	100.00%	973279NH1
		10/1/2024	3.250%	305,000	11/21/2019	100.00%	973279NJ7
		10/1/2025	3.375%	310,000	11/21/2019	100.00%	973279NK4
		10/1/2026	3.500%	50,000	11/21/2019	100.00%	973279NL2
		10/1/2027	3.500%	50,000	11/21/2019	100.00%	973279NM0
		10/1/2028	3.625%	50,000	11/21/2019	100.00%	973279NN8
		10/1/2029	3.625%	75,000	11/21/2019	100.00%	973279NP3
		10/1/2030	3.750%	75,000	11/21/2019	100.00%	973279NQ1
<b>Sub-Total .....</b>				\$ 2,050,000			
General Obligation							
Bond Anticipation Notes	8/21/2019	2/21/2020	2.810%	<u>\$ 17,000,000</u>	1/2/2020	100.25%	N/A
<b>Sub-Total .....</b>				<u>\$ 17,000,000</u>			
<b>Total .....</b>				<u>\$ 19,050,000</u>			

Upon delivery of the Refunding Obligations, a portion of the proceeds of the Series A Bonds will be placed in an irrevocable escrow deposit fund (the “Refunding Bonds Escrow Deposit Fund”) established with U.S. Bank National Association, as Escrow Agent (the “Escrow Agent”) under an Escrow Agreement (the “Escrow Agreement”) to be dated as of October 29, 2019 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by the United States of America, including United States Treasury securities, Federal National Mortgage Association securities and Federal Home Loan Mortgage Corporation securities, or other investments permitted by Section 7-400 of the Connecticut General Statutes, as amended, all of which shall not be callable or prepayable at the option of the issuer thereof (the “Government Obligations”). The principal of and interest on the Government Obligations, when due, will provide amounts sufficient to meet the redemption prices on the bonds which may be refunded (the “Refunded Bonds”) on the redemption dates, including any outstanding interest due and the Refunded Notes. The Escrow Agreement permits substitution of certain Government Obligations for other Government Obligations provided that the maturing principal of and interest on all Government Obligations held at any time under the Escrow Agreement will provide amounts sufficient to pay the principal, interest and redemption prices on the Refunded Obligations on the date such payments are due.

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

A portion of the proceeds of the Series A Bonds and of the Notes will be placed in a separate Escrow Deposit Account with the Escrow Agent under the Escrow Agreement. The Escrow Agent shall use such proceeds to redeem the Refunded Notes dated August 21, 2019, including a portion of the outstanding principal and interest due there on, held by Webster Public Finance Corporation (“WPFC”) on or before January 2, 2020 upon ten days’ written notice to WPFC.

## Verification of Mathematical Computations

The accuracy of the mathematical computations regarding (i) the adequacy of maturing principal of and interest earned on the Government Obligations deposited with the Escrow Agent to pay, when due, the redemption premium on the Refunded Obligations on the redemption dates (ii) the yield on the Series A Bonds and the securities and moneys in the Refunding Bonds Escrow Deposit Fund and (iii) net present value savings concerning the Series A Bonds, will be verified by AMTEC of Avon, Connecticut (the "Verification Agent"). Such verification of the accuracy of the mathematical computations will be based upon information and assumptions supplied to the Verification Agent by the Underwriter. AMTEC will express no opinion on the assumptions provided to them. Bond Counsel in rendering its opinion described herein will rely on the verification report.

## Sources and Uses of Bond and Note Proceeds:

	<b>Series A Bonds</b>	<b>Series B Bonds</b>	<b>The Notes</b>	<b>Total</b>
<b>Sources:</b>				
Par Amount .....	\$ 16,295,000.00	\$ 2,275,000.00	\$ 13,500,000.00	\$ 32,070,000.00
Net Original Issue Premium .....	1,537,861.75	74,758.80	190,350.00	1,802,970.55
<b>Total Sources .....</b>	<b>\$ 17,832,861.75</b>	<b>\$ 2,349,758.80</b>	<b>\$ 13,690,350.00</b>	<b>\$ 33,872,970.55</b>
<b>Uses:</b>				
Bonds Capital Projects Fund.....	\$ 761,200.00	\$ 2,275,000.00	\$ -	\$ 3,036,200.00
Bonds Debt Service Fund .....	1,030,000.00	44,568.18	-	1,074,568.18
Note Capital Projects Fund .....	-	-	10,138,800.00	10,138,800.00
Note Debt Service Fund .....	-	-	33,507.81	33,507.81
Escrow Deposit Account for Bonds .....	15,828,618.97	-	-	15,828,618.97
Escrow Deposit Account for Notes .....	-	-	3,393,846.30	3,393,846.30
Costs of Issuance .....	108,983.71	14,470.63	64,662.45	188,116.79
Underwriter's Discount .....	104,059.07	15,719.99	59,533.44	179,312.50
<b>Total Uses .....</b>	<b>\$ 17,832,861.75</b>	<b>\$ 2,349,758.80</b>	<b>\$ 13,690,350.00</b>	<b>\$ 33,872,970.55</b>

## Book-Entry-Only Transfer System

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

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 a S&P Global Ratings 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 Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities 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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments 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 Securities at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security 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, Security 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 Issuer 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 Bonds or 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 Bonds or Notes***

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

## ***Security and Remedies***

The Bonds and 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 Bonds and the Notes when due.

Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by 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 and of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds and 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 Bonds and 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 Bonds and the Notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. A court of competent jurisdiction also has the power in appropriate proceedings to order a payment of a judgment on the Bonds and Notes 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 could take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds and 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 by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied.

Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code 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 of Connecticut having the power to levy taxes and issue bonds or other obligations.

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

## ***Qualification for Financial Institutions***

The Bonds and the Notes shall NOT 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 certain interest expense allocable to the Bonds or the Notes.

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

The Town will enter into Continuing Disclosure Agreements with respect to the Bonds, substantially in the forms included in Appendices C-1 and C-2 to this Official Statement (the “Continuing Disclosure Agreements for the Bonds”), to provide or cause to be provided, in accordance with the requirements of the Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain listed events with respect to the Bonds, no later than ten (10) business days after the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement for the Bonds. The Town will enter into a Continuing Disclosure Agreement with respect to the Notes substantially in the form included in Appendix C-3 to this Official Statement to provide timely notice of the occurrence of certain listed events no later than ten (10) business days after the occurrence of such events. The Underwriter’s obligation to purchase the Bonds and the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds or the Notes, executed copies of the Continuing Disclosure Agreements.

As a result of turnover of multiple staff positions, the Town failed to file timely submissions to Municipal Securities Rulemaking Board Electronic Municipal Market Access (“EMMA”) by February 29, 2016, February 28, 2017 and February 28, 2018 of certain annual financial information and operating data and, except for the notices of failure to file annual financial information timely filed for information due on February 28, 2016, February 28, 2017 and February 28, 2018, respectively. On July 28, 2016, July 27, 2017 and June 4, 2018, the Town filed with EMMA the annual financial information required for fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017, respectively. The annual financial information due on February 28, 2015 and February 28, 2019 was timely filed on February 27, 2015 and February 25, 2019. The Town has hired additional staff and installed a new financial software system which the Town anticipates will facilitate more timely financial disclosure in future years. The Municipal Advisor and Bond Counsel will also assist the Town in meeting its continuing disclosure obligations.

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. The Town provides, and will continue to provide, to Moody’s Investors Service and S&P Global Ratings ongoing disclosure in the form of the Annual Financial Report, Recommended and Adopted Budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

## ***Bond Insurance***

### ***Bond Insurance Policy***

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### ***Build America Mutual Assurance Company***

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.



The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

#### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$525 million, \$114 million and \$411 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

#### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [buildamerica.com/creditinsights/](http://buildamerica.com/creditinsights/). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [buildamerica.com/obligor/](http://buildamerica.com/obligor/). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit

Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## ***Ratings***

The Bonds have been rated “AA-” and the Notes have been rated “SP-1+” by S&P Global Ratings (“S&P”). S&P is expected to assign the Bonds an insured rating of “AA” based upon the issuance of the insurance policy to be issued by BAM at the time of delivery of the Bonds. The Town furnished the rating agency certain information and materials, some of which may not have been included in this Official Statement. Such ratings reflect only the view of the rating agency and will be subject to revision or withdrawal, which could affect the market price of the Bonds or the Notes. The rating agency should be contacted directly for an explanation of such ratings. No application was made to any other credit rating agency for the purpose of obtaining ratings on the Bonds or the Notes.

An explanation of the significance of a rating may be obtained only from the rating agency. Generally, the rating agency’s rating is based upon information and materials that it gathers, and upon its own investigations, studies and assumptions. There can be no assurance that a credit rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by a credit rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of a credit rating may have an adverse effect on the marketability or market price of the Town’s outstanding securities.

## ***Tax Matters***

### ***Tax Status of the Series A Bonds and the Notes***

**Federal Taxes.** In the opinion of Bond Counsel, under existing law, (i) interest on the Series A Bonds and the Notes (the “Tax Exempt Obligations”) is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

Bond Counsel’s opinion with respect to the Tax Exempt Obligations will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Tax Exempt Obligations in order that interest on the Tax Exempt Obligations be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Tax Exempt Obligations to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Tax Exempt Obligations irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Tax Exempt Obligations, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Bond and Note proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Tax Exempt Obligations is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Tax Exempt Obligations.

**Original Issue Discount.** The initial public offering prices of certain maturities of the Series A Bonds may be less than the stated principal amount (the “OID Bonds”). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the inside cover page of this Official Statement for such OID Bonds is expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner's basis. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners of OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

**Original Issue Premium.** The initial public offering prices of certain maturities of the Tax Exempt Obligations may be more than their stated principal amounts payable at maturity. In general, an owner who purchases a Bond or Note at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond or Note for federal income tax purposes. Prospective purchasers of Tax Exempt Obligations at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and the effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Tax Exempt Obligations should be aware that ownership of the Tax Exempt Obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Tax Exempt Obligations should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Tax Exempt Obligation 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 Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Tax Exempt Obligations is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

Accrued original issue discount on an OID Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Tax Exempt Obligations should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Tax Exempt Obligations.

**Changes in Federal and State Tax Law.** Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Tax Exempt Obligations. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Tax Exempt Obligations will not have an adverse effect on the tax status of interest on the Tax Exempt Obligations or the market value or marketability of the Tax Exempt Obligations. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Tax Exempt Obligations from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Tax Exempt Obligations should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Tax Exempt Obligations for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Tax Exempt Obligations may be adversely affected and the ability of holders to sell their Tax Exempt Obligations in the secondary market may be reduced. The Tax Exempt Obligations are not subject to special mandatory redemption,

and the interest rates on the Tax Exempt Obligations are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Tax Exempt Obligations.

**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 that may occur after the date of its opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Tax Exempt Obligations. Prospective owners of the Tax Exempt Obligations, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Tax Exempt Obligations.

### ***Tax Status of the Series B Bonds***

#### **Federal Income Taxes**

In the opinion of Bond Counsel, under existing law, interest on the Series B Bonds (the "Taxable Bonds") is included in gross income for federal income tax purposes pursuant to the Code.

#### **United States Tax Consequences**

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of the Taxable Bonds by certain persons. This summary does not consider all possible federal income tax consequences of the purchase, ownership, or disposition of the Taxable Bonds, and is not intended to reflect the individual tax position of any beneficial owner. Moreover, except as expressly indicated, this summary is limited to those persons who purchase a Taxable Bond at its issue price, which is the first price at which a substantial amount of the Taxable Bonds is sold to the public, and who hold Taxable Bonds as "capital assets" within the meaning of the Code (generally, property held for investment). This summary does not address beneficial owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Taxable Bonds as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprising a bond and one or more other investments, or United States Holders (as defined below) that have a "functional currency" other than the United States dollar. This summary is applicable only to a person (a "United States Holder") who or that is the beneficial owner of Taxable Bonds and is (a) an individual citizen or resident of the United States, (b) a corporation or partnership or other entity created or organized under the laws of the United States or any State (including the District of Columbia), or (c) a person otherwise subject to federal income taxation on its worldwide income. This summary is based on the United States tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or interpretations thereof any of which may be applied retroactively. Except as provided below, it does not discuss the tax laws of any state, local, or foreign governments.

#### ***United States Holders***

***Payments of Stated Interest.*** In general, for a United States Holder, interest on a Taxable Bond will be taxable as ordinary income at the time it is received or accrued, depending on the beneficial owner's method of accounting for tax purposes.

***Taxable Bonds Purchased at Original Issue Premium.*** The initial public offering price of certain maturities of the Taxable Bonds are greater than the principal amount payable on such Taxable Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Taxable Bonds are sold over the principal amount payable at maturity constitutes original issue premium. The offering prices relating to the yields set forth on the inside front cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of each maturity of the Taxable Bonds were ultimately sold to the public. Under Section 171 of the Code, a holder of a Taxable Bond may elect to treat such excess as "amortizable bond premium", in which case the amount of interest required to be included in the taxpayer's income each year with respect to interest on the Taxable Bond will be reduced by the amount of amortizable bond premium allocable (based on the Taxable Bond's yield to maturity) to that year. If such an election is made, the amount of each reduction in interest income will result in a corresponding reduction in the taxpayer's

adjusted basis in the Taxable Bond. Any election to amortize bond premium is applicable to all taxable debt instruments held by the taxpayer at the beginning of the first taxable year to which the election applies or thereafter acquired by the taxpayer and may not be revoked without the consent of the Internal Revenue Service (“IRS”).

***Taxable Bonds Purchased at a Market Discount.*** A Taxable Bond will be treated as acquired at a market discount (market discount bond) if the amount for which a United States Holder purchased the Taxable Bond is less than the Taxable Bond’s adjusted issue price, unless such difference is less than a specified de minimis amount. In general, any payment of principal or any gain recognized on the maturity or disposition of a market discount bond will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on the Taxable Bond. Alternatively, a United States Holder of a market discount bond may elect to include market discount in income currently over the life of the market discount bond. That election applies to all debt instruments with market discount acquired by the electing United States Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. If an election is made to include market discount in income currently, the tax basis of the Taxable Bond in the hands of the United States Holder will be increased by the market discount thereon as such discount is included in income.

Market discount generally accrues on a straight-line basis unless the United States Holder elected to accrue such discount on a constant yield-to-maturity basis. That election is applicable only to the market discount bond with respect to which it is made and is irrevocable. A United States Holder of a market discount bond that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to the Taxable Bond in an amount not exceeding the accrued market discount on such Taxable Bond until maturity or disposition of the Taxable Bond.

***Purchase, Sale, Exchange, and Retirement of Taxable Bonds.*** A United States Holder’s tax basis in a Taxable Bond generally will equal its cost, increased by any market discount included in the United States Holder’s income with respect to the Taxable Bond, and reduced by the amount of any amortizable bond premium applied to reduce interest on the Taxable Bond. A United States Holder generally will recognize gain or loss on the sale, exchange, or retirement of a Taxable Bond equal to the difference between the amount realized on the sale or retirement (not including any amount attributable to accrued but unpaid interest) and the United States Holder’s tax adjusted basis in the Taxable Bond. Except to the extent described above under Taxable Bonds Purchased at a Market Discount, gain or loss recognized on the sale, exchange or retirement of a Taxable Bond will be capital gain or loss and will be long-term capital gain or loss if the Taxable Bond was held for more than one year. The material modification of the terms of any Taxable Bond may result in a deemed reissuance thereof, in which event a United States Holder may recognize taxable gain or loss without any corresponding receipt of proceeds.

***Backup Withholding.*** United States Holders may be subject to backup withholding on payments of interest and, in some cases, disposition proceeds of the Taxable Bonds, if they fail to provide an accurate Form W-9, “Request for Taxpayer Identification Number and Certification,” or a valid substitute form, or have been notified by the IRS of a failure to report all interest and dividends, or otherwise fail to comply with the applicable requirements of backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the United States Holder’s United States federal income tax liability (or refund) provided the required information is timely furnished to the IRS. Prospective United States Holders should consult their tax advisors concerning the application of backup withholding rules.

***Medicare Tax Affecting United States Holders.*** For taxable years beginning after December 31, 2012, a United States Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a Medicare tax on the lesser of (1) the United States Holder’s “net investment income” for the taxable year and (2) the excess of the United States Holder’s modified adjusted gross income for the taxable year over a certain threshold. A United States Holder’s net investment income will generally include its interest income and its net gains from the disposition of the Taxable Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A United States Holder that is an individual, estate, or trust, should consult its own tax advisor regarding the applicability of the Medicare tax.

### ***Information Reporting***

In general, information reporting requirements will apply with respect to payments to a United States Holder of principal and interest (and with respect to annual accruals of original issue discount) on the Taxable Bonds, and with respect to payments to a United States Holder of any proceeds from a disposition of the Taxable Bonds. This information reporting obligation, however, does not apply with respect to certain United States Holders including corporations, tax-

exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a United States Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the IRS that it has failed properly to report payments of, interest and dividends, a backup withholding tax (currently at a rate of 24%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the United States Holder on or with respect to the Taxable Bonds.

Any payments of interest and original issue discount on the Taxable Bonds to a Non-United States Holder generally will be reported to the IRS and to the Non-United States Holder, whether or not such interest or original issue discount is exempt from United States withholding tax pursuant to a tax treaty or the portfolio interest exemption. Copies of these information returns also may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the payee resides.

Information reporting requirements will apply to a payment of the proceeds of the disposition of a Taxable Bond by or through (a) a foreign office of a custodian, nominee, other agent, or broker that is a United States person, (b) a foreign custodian, nominee, other agent, or broker that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (c) a foreign custodian, nominee, other agent, or broker that is a controlled foreign corporation for United States federal income tax purposes, or (d) a foreign partnership if at any time during its tax year one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a trade or business within the United States, unless the custodian, nominee, other agent, broker, or foreign partnership has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met, or the beneficial owner otherwise establishes an exemption.

The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner's particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences of the purchase, ownership, and disposition of the Taxable Bonds, including the tax consequences under state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

## **State Taxes**

In the opinion of Bond Counsel, under existing statutes, interest on the Taxable Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

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

## **General**

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law or the interpretation thereof that may occur after the date of their opinions. 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 a Taxable Bond. Prospective owners of the Taxable Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Taxable Bonds.

## **Legal Opinion**

The legal opinions for the Bonds and the Notes will be rendered by Pullman & Comley, LLC in substantially the forms set forth in Appendix B-1, Appendix B-2 and Appendix B-3 to this Official Statement.

## ***Registrar, Transfer Agent, Paying Agent, and Certifying Agent***

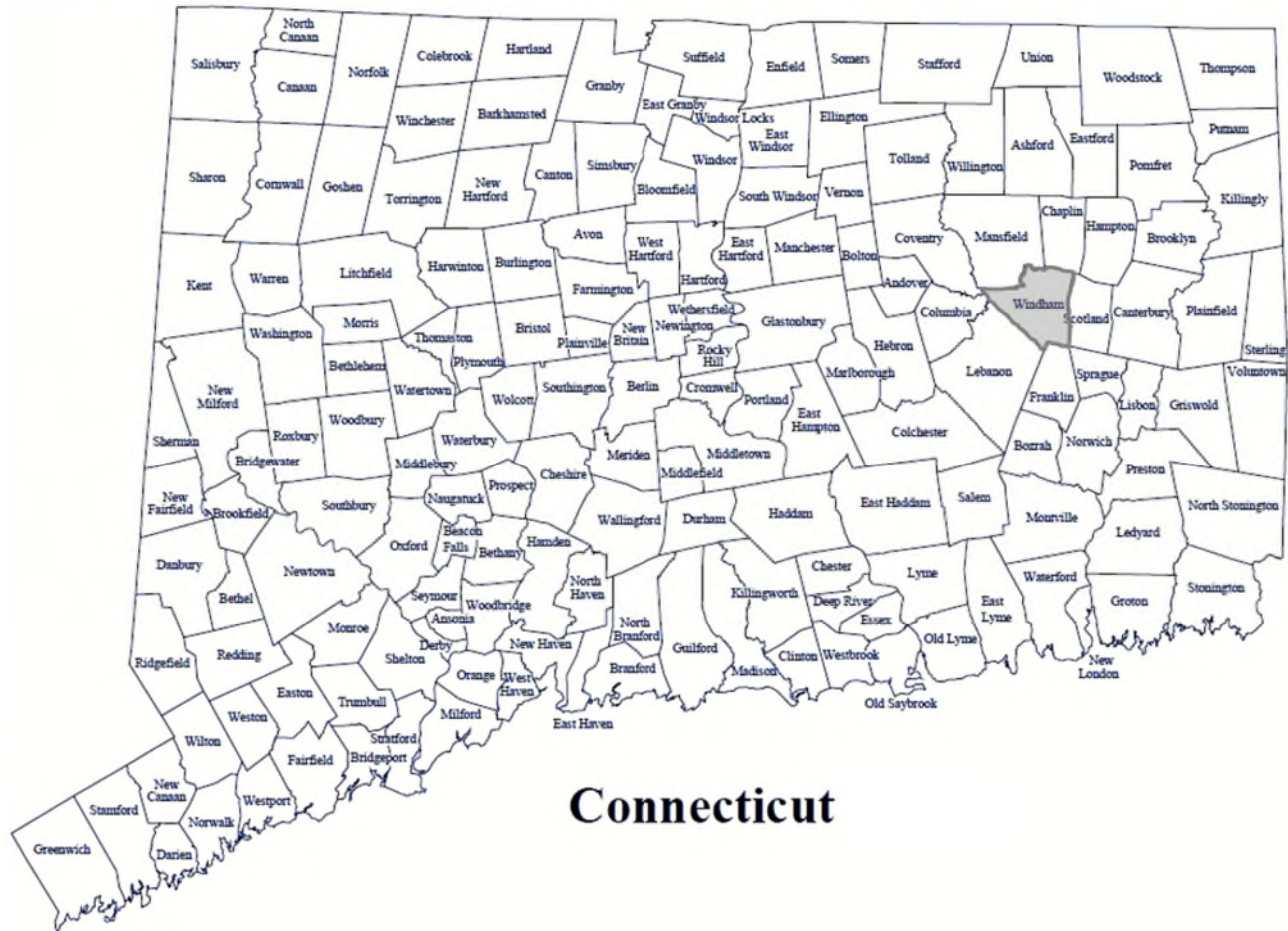
The Registrar, Transfer Agent, Paying Agent, Certifying Agent and Escrow Agent for the Bonds and the Notes will be U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103.

## ***Underwriting***

The Bonds and the Notes are being purchased by Raymond James & Associates, Inc. (the “Underwriter”) pursuant to the terms of a purchase contract for the Bonds and the Notes with the Town (the “Bond and Note Purchase Agreement”). The Underwriter has agreed, subject to certain conditions set forth in the Bond and Note Purchase Agreement, to purchase the Series A Bonds from the Town at the net aggregate purchase price of \$17,728,802.68, (consisting of the principal amount of \$16,295,000.00 plus net original issue premium of \$1,537,861.75, less underwriter’s discount of \$104,059.07). The Underwriter has agreed, subject to certain conditions, to purchase the Series B Bonds from the Town at the net aggregate purchase price of \$2,334,038.81, (consisting of the principal amount of \$2,275,000.00 plus net original issue premium of \$74,758.80, less underwriter’s discount of \$15,719.99). The Underwriter has agreed, subject to certain conditions, to purchase the Notes from the Town at the net aggregate purchase price of \$13,630,816.56, (consisting of the principal amount of \$13,500,000.00 plus net original issue premium of \$190,350.00, less underwriter’s discount of \$59,533.44). The Underwriter will be obligated to purchase all such Bonds and Notes, if any such Bonds and Notes are purchased. The Bonds and the Notes may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices stated on the cover page hereof, and such public offering prices may be changed from time to time by the Underwriter.

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## II. The Issuer



### ***Description of the Municipality***

The Town of Windham, Connecticut was incorporated in 1692 after being settled in 1686. The Town, named after Windham in Sussex, England, covers an area of 27.9 square miles. It is located in the center of eastern Connecticut and is bounded on the north by Mansfield and Chaplin, east by Scotland, south by Franklin and Lebanon, and west by Coventry and Columbia. Windham is 27 miles east of Hartford, Connecticut and 50 miles west of Providence, Rhode Island and is served by several highways, including U.S. Route 6 and State Routes 14, 32, 66, 195, 203, and 289 with connections to Interstates 84, 384 and 395. Freight service is provided by the Genesee & Wyoming along the New England Central Railroad.

Windham is the established service center for northeastern Connecticut with a variety of regional and state facilities. The Town is home to Eastern Connecticut State University, Windham Regional Vocational/Technical School, Windham Airport, Windham Community Memorial Hospital, and a branch of Quinebaug Valley Community Technical College. The University of Connecticut Storrs campus, located in Mansfield, is only eight miles from Windham. The Windham Regional Transit District provides local bus transportation between Willimantic and Storrs.

Four banks serve Windham, including Bank of America, Liberty Bank, Key Bank, and The Berkshire Bank. The Chronicle, a daily newspaper, and WILI, a radio station, are located in Windham and provide communication services for the area.

The Windhams, particularly, North Windham is finding a surge in development, while at the same time, Windham Center, and South Windham find the environs filling with new home owners. The city within the Town, Willimantic, is evolving daily. Currently there is a major downtown revitalization taking place that harbingers changes in the fabric of the downtown area. There are a multitude of downtown initiatives: the Victorian Neighborhood Association, The Garden on the Bridge, The Mills Art's Space, The Whitewater Initiative, the Windham Theatre Guild, ACT and the wonders of the Third Thursday Festival are a few of the beacons of success that illuminate the bright future of the Town of Windham.



## ***Form of Government***

The consolidation of Windham and Willimantic was approved by referendum in December of 1982 with the charter becoming effective July 1, 1983, revised November 5, 1992 and November 7, 2007. The Consolidation Charter created one government for the Town and established provision of Windham's fire and police protection through service districts. The section of Windham within the boundaries of the former City of Willimantic is known as the Willimantic Taxing District. The Town and the Willimantic Taxing District are maintained as separate funds but consolidated for financial reporting purposes. The area of Windham outside the former city limits is known as the Windham Taxing District, and funding for police and fire services is appropriated through the Windham First Taxing District, an entity separate from the Town. The Town imposes a separate tax levy for the general government and the Willimantic Taxing District. Individuals residing in the Willimantic Taxing District receive a tax bill based on the total levy for the general government and the Willimantic Taxing District. Individuals residing in the Windham Service District receive a tax bill based on the total levy for the general government and the Windham First Taxing District.

Effective November 17, 2009, as a result of a Town charter revision, the Town's form of government changed from an eleven-member Board of Selectmen to an eleven-member (the Mayor plus ten Councilors) Town Council, which serves as the Town's legislative body. Under the previous form of government, an elected First Selectman acted as the chief executive officer and this position has been replaced with a Town Manager appointed by the Town Council and a "ceremonial" Mayor who serves as the Town Council Chair and acts as the ombudsman for the Town. The functions of the seven-member Board of Finance remain substantially unchanged under the revised charter. The general objective of the 2007 charter revision was to provide stable, professional Town management to ensure the efficient administration of Town government and to develop and implement strategic initiatives for the Town that are consistent with the goals set forth by the Town Council, the legislative body.

Effective November 14, 2014, the Town Charter was revised. Under this revision, the budget for the Willimantic Taxing District is under the purview of the elected Board of Directors of the Willimantic Taxing District instead of the Board of Finance.

Powers and privileges are conferred and granted to the Town by the Connecticut General Statutes and the Charter. The Town Meeting approves the annual budget, all special appropriations or expenditures over \$100,000, and all bond and note authorizations, except for refunding bond authorizations which are approved by the Town Council. The Town Manager is responsible for the administration of all Town matters with the exception of the education system. Presiding over the Town Council, the Mayor has full voting privileges.

The Board of Finance is the budget-making authority responsible for financial and taxation matters, presenting the annual operating budget and special appropriations to the Town Meeting for its approval, and establishing the tax rate.

The local Board of Education, which is an elected nine-member board serving four-year staggered terms, is the policy-making body for all public education, grades pre-kindergarten through twelve. The Superintendent of Schools is directly responsible to the Board of Education for the supervision and administration of the education system.

The Water Commission and Sewer Authority serve all citizens of the Willimantic Service District with water service extending beyond the District's boundaries in some areas. The Commission and Authority are governed by a Board whose members are appointed by the Town Council. The rates for user charges are established by the Commission and Authority, respectively, and bond issuance authorizations are approved at a town meeting. The legal liability for the general obligation portion of the Commission's and Authority's debt remains with the Town.

The Windham First Taxing District is the only coterminous entity within the territorial limits of the Town of Windham. Effective July 1, 1983, with the consolidation of Willimantic and the Town of Windham governments, Windham became responsible for the outstanding debt and other liabilities of Willimantic.

The Town has the power to incur indebtedness by issuing bonds and/or notes as provided by the Connecticut General Statutes.

## ***Principal Municipal Officials***

<b><i>Office</i></b>	<b><i>Name</i></b>	<b><i>Manner of Selection</i></b>	<b><i>Date of Hire / Election / Appointment</i></b>
Town Manager.....	Jim Rivers	Appointed/Indefinite	06/17
Town Council, Mayor.....	Victor Funderburk	Elected/4 years	11/16
Town Clerk/Treasurer.....	Patricia Spruance	Appointed/Indefinite	10/07
Director of Finance.....	Christian Johnson	Appointed/Indefinite	09/13
Town Controller .....	Tra Phan	Appointed/Indefinite	03/16
Collector of Revenue.....	Gay A. St. Louis	Appointed/Indefinite	04/07
Town Assessor.....	Chandler Rose	Appointed/Indefinite	07/15
Superintendent of Schools.....	Patricia Garcia	Appointed/Indefinite	6/14

### ***Summary of Municipal Services***

The Town provides a broad range of services including public safety, public roads, solid waste disposal, health, social services, parks and recreation, education, public facilities, planning, development, zoning, and general administrative services. Support and administrative services include Finance, Tax Collector, Assessor, Building Inspection, Animal Control, General Assistance, Housing Code Enforcement, Zoning Code Enforcement, Planning, and Town Clerk. The Engineering Department provides support services for Public Works, Water and Sewer.

**Public Works:** The Public Works Department is responsible for the maintenance of Town roads, public parks, cemeteries, municipal parking lots, and storm drainage system, and the operation of the recycling center.

**Public Safety:** Police and fire services are provided in the Willimantic Taxing District by full-time professionals. In the Windham First Taxing District fire protection is provided by volunteer fire departments and police protection by Troop K, Colchester, of the Connecticut State Police. Ambulance service is provided by the Willimantic Fire Department.

**Solid Waste:** The disposal of solid waste is contracted by the Town with a private hauler. The Town of Windham entered into a multi-year agreement expiring June 30, 2024 with Willimantic Waste Paper Company, Inc. to dispose of solid waste generated in the Town.

The disposal of recyclable materials is contracted with a private contractor. The Town entered into a five-year agreement expiring June 30, 2024, with an option to renew for an additional 5-year term, with Willimantic Waste Paper Company, Inc. to dispose of recyclable materials generated in the Town. The flat fee for Fiscal Year 2019-20 is \$30.00 per ton with a market share opportunity should the market improve.

The Willimantic Waste Paper Company, Inc. and the Town of Windham entered into a ten-year agreement expiring June 30, 2020 for curbside collection of solid waste and recyclable materials for \$51,027 per month with adjustments annually of 2.5% or CPI, whichever is lower.

**Library:** A large public library in Willimantic and smaller libraries in Windham Center and South Windham provide extensive collections for adults and children. Additional access is provided through a computerized inter-library loan network. Each library has an endowment fund that provides revenue to augment tax support for the acquisition of books.

**Sewer/Water:** Sewer and water service is available to approximately 80% of the residents of the Town and to a portion of the Town of Mansfield. Plant capacity is available to extend sewer and water services to the entire Town in the future, as needed.

The State of Connecticut Department of Environmental Protection has enacted new regulations and requirements for wastewater treatment facilities. Following these regulations, the Town has completed a major facility upgrade to the Town's Water Pollution Control Facility in 2012. The total project cost was \$21,736,750 and is supported by federal/state funds with a 20% grant and 2% loan. Interest is payable at the rate of 2% per year. Debt service on this project is being paid from sewer user fees.

**Recreation and Open Space:** The Recreation Department sponsors year-round recreational activities for all ages and interests. Facilities include public parks and school recreational grounds. Open space includes the Beaver Brook State Park, consisting of 401 acres and providing boating, fishing, and picnicking.

### **Principal Public Facilities**

<b>School</b>	<b>Date of Construction (Latest Additions)</b>	<b>Type of Construction</b>	<b>Planned Major Improvements</b>
Town Hall.....	1900 (1996, 2009)	Elevator/Auditorium	None
Safety Complex.....	1974 (2019)	Block	2019
Dog Pound.....	1978	Block	None
Library.....	1967 (2017)	Brick	None
Public Works Garage.....	1954 (1978, 1985)	Block & Steel	2019
Water Department Facility.....	1930 (1974, 1999)	Brick & Block	None
Water Pollution Control Facility.....	1958 (1972, 2012)	Brick & Block	None

### **Educational Services**

The Windham school system services grades pre-kindergarten through twelve and is governed by the local Board of Education. Windham has a nine-member Board of Education elected to four-year staggered terms. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget development, implementation of both state and federal laws, facilities maintenance, and long-range planning, including construction and renovation.

The Town has five elementary schools, one middle school, and one high school. Enrollment in the system as of October 1, 2018 was 3,344 with a rated capacity of 5,600.

### **School Enrollment**

<b>School Year</b>	<b>Grades Pre-K - 4</b>	<b>Grades 5 - 6</b>	<b>Grades 9 - 12</b>	<b>Non-Graded</b>	<b>Total</b>
<b>Historical</b>					
2009-10	1,616	951	865	34	3,466
2010-11	1,568	986	821	N/A	3,375
2011-12	1,521	986	735	N/A	3,242
2012-13	1,553	963	673	N/A	3,189
2013-14	1,642	980	624	N/A	3,246
2014-15	1,678	970	542	-	3,190
2015-16	1,724	999	573	-	3,296
2016-17	1,717	1,015	605	-	3,337
2017-18	1,654	1,105	590	-	3,349
2018-19	1,653	1,122	612	-	3,387
<b>Projected</b>					
2019-20	1,650	1,125	610	-	3,385
2020-21	1,650	1,125	610	-	3,385
2021-22	1,650	1,125	610	-	3,385

*Source: Town of Windham, Board of Education.*

## School Facilities

<i>School</i>	<i>Grades</i>	<i>Date of Construction (Latest Additions)</i>	<i>Number of Classrooms</i>	<i>Enrollment as of 10/1/2018</i>	<i>Operating Capacity</i>
North Windham Elementary.....	Pre-K–5	1959 (1987)	24	444	450
Windham Center Elementary.....	K–4	1953 (1968)	15	229	500
Sweeney Elementary.....	Pre-K–4	1959 (1964)	19	276	600
Natchaug Elementary.....	K–4	1912 (1972)	17	316	550
Barrows STEM Academy.....	Pre-K–8	2012	42	567	600
Windham Middle.....	5–8	1996	89	654	1,100
Windham High.....	9–12	1970	68	600	1,800
Windham High <sup>1</sup> / Middle.....	Pre-K	1970, 1996	18	258	-
<b>Total.....</b>			292	3,344	5,600

<sup>1</sup> Includes Windham Academy.

## Employee Relations and Collective Bargaining

### Municipal Employees <sup>1</sup>

	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
General Government ....	178	182	182	182	179
Board of Education .....	748	712	720	716	705
<b>Total .....</b>	926	894	902	898	884

### Employee Relations

<i>Employees</i>	<i>Bargaining Unit</i>	<i>Number of Members</i>	<i>Contract Expiration Date</i>
<b><u>General Government</u></b>			
Fire.....	International Association of Firefighters, AFL-CIO, Local 1033	27	6/30/2022
Police.....	United Public Service Employees Union, Cops Unit #340	42	6/30/2021
Public Works.....	Local 493 International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America	29	6/30/2021
Water Department.....	Local 760 C.S.E.A., Service Employees, AFL-CIO	11	6/30/2021
Supervisory & Professional...	Municipal Employees Union Independent, Local 506, SEIU	16	6/30/2021
Municipal Employees.....	American Federation of State, County, Municipal Employees, AFL-CIO, Local 1303-116 of Council #4	40	6/30/2021
	Total Organized .....	165	
	Non-Union .....	13	
	<b>Total.....</b>	178	
<b><u>Board of Education</u></b>			
Administrators.....	Windham Association of Administrators	19	6/30/2021
Teachers.....	Windham Association of Teachers, AFL-CIO, Local 1577	315	8/31/2022
Clerical.....	Windham Association of Educational Secretaries, C.S.E.A. Inc.	43	6/30/2019 <sup>1</sup>
Nurses.....	Windham Association of School Nurses	7	6/30/2021
Custodians.....	General Teamsters, Local 493	37	6/30/2019 <sup>1</sup>
Cafeteria.....	Windham Cafeteria Employees Association, C.S.E.A. Inc.	39	6/30/2019 <sup>1</sup>
Educational Personnel.....	CFT/AFL-CIO Educational Personnel	125	6/30/2020
Maintenance Workers.....	CFT/AFL-CIO Maintenance Workers	5	6/30/2021
Crossing Guards.....	ADSCME	10	6/30/2019 <sup>1</sup>
	Total Organized .....	600	
	Non-Union .....	148	
	<b>Total.....</b>	748	

<sup>1</sup> In negotiations

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

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### ***III. Economic and Demographic Information***

#### ***Economic Condition and Outlook***

Several diversified industries are located in Town, including: General Cable Corporation (a division of the Prysmian Group), United Abrasives, Inc., and Willimantic Waste Company. This trio tops the list of Town's three largest private sector employers. In 2018, the Prysmian Group, an Italian based, global leader in the telecom cable systems industry, acquired General Cable for \$30.00 per share in cash. The transaction valued General Cable at approximately \$3 billion. United Abrasives, Inc. /SAIT is one of the largest and leading manufacturers of abrasive products in the world and has maintained its headquarters in North Windham since 1970. Willimantic Waste is a 'homegrown' business that focuses on waste management and recycling.

Other companies that round out the Town's manufacturing/industrial base include: Micro Precision/Nathan Airchime, Prime Materials Recovery, Flouropolymer Resources, Jakeco, LLC, Motive Engineering and Windham Materials. Microprecision/Nathan Airchime recently completed an expansion of their South Windham facility from 9,600 sq. ft. to 18,000 sq. ft. and has added a second shift to their operations.

The Windham Mills Technology Center, a massive historic restoration project in the heart of Willimantic's Downtown, continues to be an important economic development resource. The former American Thread Company facility was converted into a multi-tenant technology business center with emphasis on research and development and new-product manufacturing.

The Town is one of the State's Target Investment Communities, which were set up to grant economic incentives to manufacturing businesses that choose to expand or relocate in the Town. Also, a State-designated Enterprise Zone provides additional tax and other incentives to businesses and property owners within Willimantic and parts of North Windham.

In 1998, the State designated the Town's historic downtown area as an Entertainment District. Recent economic development has concentrated on the Main Street area of the community, and several new businesses have opened.

Some of these Main Street businesses include: The Willimantic Brewing Company, Cafemantic, Swift-waters Artisans, Kerri's Gallery, the Burton Leavitt Theater, conversion of the former Capitol Theater into a regional Magnet School (ACT) for the Performing Arts. A branch of Quinebaug Valley Community College is also located in Willimantic.

North Windham and Willimantic's West Main Street are two of the major commercial, retail and service centers in eastern Connecticut. A number of large retail establishments are located in both corridors, including Home Depot, Stop & Shop, Wal-Mart, B J's Wholesale, Sherman Williams, Auto Zone, Advance Auto Parts, and Ocean State Job Lot. Other popular retailers include, Planet Fitness, CVS and Walgreen's Pharmacy, Cumberland Farms, Aldi's Grocery Store, Tractor Supply, Dollar Tree and Family Dollar.

Eastern Connecticut State University (ECSU), with an enrollment of approximately 5,500 students, continues to expand its facilities. In 2016, ECSU completed construction of a \$62 million, 118,000-square foot state-of-the-art Fine Arts Instructional Center (FAIC). The FAIC features a 400-seat auditorium tailored to music performances; a 254-seat Proscenium Theatre that provides a venue for theatre performances; and a flexible 125-seat Studio Theatre that can be arranged in multiple seating configurations. The FAIC also contains two state-of-the-art digital design studios, and numerous classrooms, studios and performance spaces for students. Also, in 2018, ECSU began the conversion of its former arts building, Schaeffer Hall, into student housing. Noble Hall is also currently undergoing renovation.

The Windham Airport, which is owned by the State of Connecticut, is located on the Route 6 corridor. The Airport has two runways, with the longest approximately 4,200 feet in length. In 2016, a new fixed-based operator was selected to run operations at Windham Airport. Also, the airport recently added the capacity for supplying both jet and plane fuel on site. According to the CT Airport Authority, Windham Airport is an economic asset to Willimantic, Windham County, and the State of Connecticut. The Airport provides a total economic contribution of 120 jobs and \$15.2 million of output, including \$5.1 million of labor income, and \$940,000 in state and local tax revenues.

In addition, Hartford Hospital merged with the local hospital, and recently completed a 30,000-square-foot professional medical office building with related accessory uses located behind the hospital owned by Windham Community Memorial Hospital.

## ***New Investment***

In 2018, one of the Town's Census Tracts was nominated and approved as one of Connecticut's 72 Opportunity Zones (OZ). OZs were created under the December 2017 Tax Law and are geared towards encouraging investment in distressed municipalities through the deferral and possible forgiveness of capital gains taxes.

Over the last three years, the Town has seen a number of significant private investments, especially in underutilized properties that either have been, or are in the process of, being brought back online with new tenants. These include: 1) purchase and renovation of an abandoned shopping center (occupied only by two Not-For-Profits), into a new retail center called University Plaza that has a Planet Fitness and Dollar Tree as anchors and also includes Moe's Southwest Grill and Eblens retail store and Footwear Store ; 2) the purchase of 3 strip centers on Boston Post Road in North Windham (\$4.6M); and, 3) purchase of the Keeper building, a vacant 70,000 sq. ft. industrial site in North Windham, bought by Fluoropolymer Resources, LLC, a Willimantic-based manufacturer that is significantly expanding its operations in Town (\$1.9M).

Downtown Willimantic has seen a similar investment trend, through the combination of renters purchasing their buildings to become property owners (The Harp Restaurant, Cafemantic, Royal Buffet, Oriental Cafe and the Nasiff Building) and the purchase of long-vacant or abandoned properties such as, the Hale and Hooker Buildings (833 and 819 Main Street), Willimantic Lumber and Coal by the Food Co-op, the Turkington Building (\$3M), Valley Street Plaza (now fully occupied) and 31 Church Street (undergoing renovations).

## ***Major Projects***

The Town reduced its energy consumption in municipal buildings by 20% in 2018. Much has been accomplished by upgrading all lighting to energy efficient lamps, installing solar panels on all the schools, the public library, an elderly housing facility, and converting from oil to gas fired heating systems in several buildings. Moreover, the Town's Energy Commission is focusing on educating residents on energy conservation through its participation in various energy conservation programs including a Thermal Imaging program.

## ***Planned Projects***

Through a combination of state and local bonding, the Town has secured funding for a new parking structure in the Downtown area near the Public Safety complex. The Intermodal Transportation Center (ITC) will be a state-of-the-art, 292-space facility for downtown residents, patrons and employees. The ITC will also be a hub for public transportation carriers like Willimantic Rapid Transit District (WRTD), the ECSU Shuttle and the Peter Pan service to Hartford.

The Downtown has a number of redevelopment opportunities that will be positive for the resurgence of Willimantic. The Town has benefited from private investment in redevelopment of several old mill buildings and downtown commercial properties - including the renovation of the Capitol Theater into a Theater Arts Magnet School, and the former YMCA into an alternative Charter High School. Currently, five properties in the historic downtown are being purchased by a developer who will provide 418 market-rate apartments on Main Street competing for student housing with ECSU and the University of Connecticut. This will be connected to the new ITC.

The State of Connecticut awarded a \$1.3 million grant to the Town for the development of a Community/Senior Center on Main Street in Willimantic. The former Jillson Theater was recently bought by the Town and has been demolished to accommodate the new center.

The Kramer Building, former home to the high school, middle school and central office will be sold to ECSU in 2019. The Town's Recreation Department will be relocated to the new Senior/Community Center.

The relocation of the Recreation Department will also include construction of a gymnasium and a pool at the center. The anticipated new project cost will be approximately \$15 million.

In addition, the Town is seeking funding from the State of Connecticut for improvements to the former Noznick Farm Property in Windham Center to develop new ball fields and a dog park. The Willimantic Library received a \$500,000 local grant to complete a \$1,000,000 renovation of the facility, completed in 2017. In addition, the Town built a band shell in Jillson Park (see below) as an entertainment venue as well as updating the park infrastructure. The \$1.1 million cost was mitigated by a \$650,000 state grant.

The Town earned certification as a “Bronze Community” under the State’s Sustainable CT program. The Town was awarded State funding for a MICRO-GRID at Windham Middle and Sweeney Elementary School in response to a grant opportunity offered by the State Department of Energy and Environmental Protection. This project provides alternative power on a daily basis while continuing to provide power during general service outages. The schools also serve as emergency shelters. Each co-generator is designed to produce 100-150 kilowatts of power. This project was completed in 2018.

The renovation of Windham Public High School was approved by the State and voters in the fall of 2017. The State will fund approximately 80% of the estimated cost of the renovation. The renovated building will include the high school facilities, the early childhood programs, and the central office administration.

The Band Shell and other downtown improvements through grants obtained by the Town’s Office of Economic Development:

In 2016, the Town was awarded a \$650,000 Urban Act Grant for various downtown revitalization projects. The Town also dedicated a minimum of \$350,000 towards the downtown revitalization. Currently, the Town’s expenditures and proposed additional bonding for the projects now exceeds \$1,000,000.

The aforementioned projects include: 1) assistance with the redevelopment of five large, vacant Main Street buildings in the form of grants for facades, roofs, and reconfiguration of ground floors to make them viable for retail use; 2) Main Street beautification projects (sidewalks, trees, trash receptacles, lighting and access for connections to Riverside Drive businesses); and 3), the development of Jillson Square via public-private partnership to create a quintessential “Town Green” with decorative fencing, construction of a band shell to expand concerts and other arts and music events. The fencing and band shell were completed in July 2018, with a highly-successful kick-off concert weekend. The Town continues to work with Grow Windham for the relocation of the Willimantic Farmer’s Market and construction of a pavilion to expand opportunities for local farmers.

A \$120,000 Brownfields Assessment Grant from the Connecticut Department of Economic and Community Development was provided for a 15-year abandoned gas station in the heart of West Main Street’s retail section. The assessment was completed in June, 2018 and, it is anticipated that the results of the assessment will lead to an application for a remediation grant for the site when the Connecticut Department of Economic and Community Development offer the next round funding.

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## Population and Density

<b>Year</b>	<b>Actual Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>
2017 <sup>3</sup>	24,839	-1.7%	890.3
2010	25,268	10.5%	905.7
2000	22,857	3.7%	819.2
1990	22,039	4.6%	789.9
1980	21,062	7.3%	754.9
1970	19,626	15.6%	703.4
1960	16,973	--	608.4

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

<sup>2</sup> Per square mile: 27.9 square miles.

<sup>3</sup> American Community Survey 2013-2017.

## Age Distribution of the Population

<b>Age</b>	<b>Town of Windham</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Under 5 years .....	1,355	5.5%	186,188	5.2%
5 to 9 years .....	1,705	6.9	206,536	5.7%
10 to 14 years .....	938	3.8	225,831	6.3%
15 to 19 years .....	2,859	11.5	249,777	6.9%
20 to 24 years .....	3,806	15.3	245,849	6.8%
25 to 34 years .....	3,501	14.1	439,239	12.2%
35 to 44 years .....	2,699	10.9	433,401	12.1%
45 to 54 years .....	2,545	10.2	535,611	14.9%
55 to 59 years .....	1,130	4.5	266,501	7.4%
60 to 64 years .....	1,308	5.3	229,788	6.4%
65 to 74 years .....	1,678	6.8	318,515	8.9%
75 to 84 years .....	841	3.4	167,133	4.6%
85 years and over .....	474	1.9	90,109	2.5%
<b>Total.....</b>	<b>24,839</b>	<b>100%</b>	<b>3,594,478</b>	<b>100%</b>
Median Age (Years) 2017.....	30.0		40.8	
Median Age (Years) 2010. <sup>1</sup> .....	30.4		40.0	

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

Source: American Community Survey 2013-2017.

## Income Levels

	<b>Town of Windham</b>	<b>State of Connecticut</b>
Per Capita Income, 2017.....	\$ 19,666	\$ 41,365
Median Family Income, 2017.....	\$ 42,865	\$ 93,800
Median Household Income, 2017.....	\$ 41,293	\$ 73,781

Source: American Community Survey 2013-2017.

### Income Distribution

<b>Income</b>	<b>Town of Windham</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
\$ 0 - \$ 9,999.....	449	8.6%	27,787	3.1%
10,000 - 14,999.....	210	4.0	16,143	1.8%
15,000 - 24,999.....	772	14.7	41,072	4.6%
25,000 - 34,999.....	683	13.0	52,218	5.8%
35,000 - 49,999.....	797	15.2	82,371	9.2%
50,000 - 74,999.....	862	16.4	134,356	15.0%
75,000 - 99,999.....	506	9.6	122,244	13.6%
100,000 - 149,999.....	763	14.5	186,352	20.8%
150,000 - 199,999.....	124	2.4	100,359	11.2%
200,000 and over.....	85	1.6	132,765	14.8%
<b>Total.....</b>	<b>5,251</b>	<b>100.0%</b>	<b>895,667</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017.

### Educational Attainment

	<b>Town of Windham</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	1,108	9.0%	104,623	4.2%
9th to 12th grade.....	1,439	10.9	137,877	5.6
High School graduate.....	5,012	36.1	673,582	27.2
Some college, no degree.....	2,958	19.4	422,535	17.0
Associate's degree.....	881	6.1	188,481	7.6
Bachelor's degree.....	1,546	10.1	532,055	21.5
Graduate or professional degree.....	1,232	8.4	421,144	17.0
<b>Total.....</b>	<b>14,176</b>	<b>100.0%</b>	<b>2,480,297</b>	<b>100.0%</b>
Total high school graduate or higher (%).....		82.0%		90.2%
Total bachelor's degree or higher (%).....		19.6%		38.4%

Source: American Community Survey 2013-2017.

### Major Employers As of May 2019

<b>Employer</b>	<b>Type of Business</b>	<b>Approximate Number of Employees</b>
Town of Windham.....	Municipality	910
Windham Community Memorial Hospital.....	Health care	530
Hampton Products.....	Cargo Stabilizing Devices	250-499
Salt Overseas Trading.....	Manufacturing distributors	250-499
United Services.....	Mental Health Services	250
Super Stop & Shop.....	Grocery store	250
Willimantic Waste Paper Co., Inc.....	Recycling collection	160
Wal-Mart Supercenter.....	Department store	150
General Cable Industries.....	Communication cable	148
United Abrasives, Inc.....	Manufacturing	21

**Employment by Industry**  
**Employed Persons 16 Years of Age and Over**

<b>Sector</b>	<b>Town of Windham</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining.....	306	2.6%	7,166	0.4%
Construction.....	491	4.1	104,122	5.8
Manufacturing.....	1,004	8.4	191,519	10.6
Wholesale trade.....	235	2.0	44,741	2.5
Retail trade.....	1,938	16.2	193,016	10.7
Transportation warehousing, and utilities....	394	3.3	68,926	3.8
Information.....	123	1.0	42,200	2.3
Finance, insurance, real estate, and leasing..	253	2.1	163,810	9.1
Professional, scientific, management, administrative, and waste management.....	691	5.8	208,130	11.5
Education, health and social services.....	4,075	34.0	478,083	26.5
Arts, entertainment, recreation, accommodation and food services.....	1,695	14.2	153,679	8.5
Other services (except public admin.).....	391	3.3	82,538	4.6
Public Administration.....	372	3.1	67,156	3.7
<b>Total Labor Force, Employed.....</b>	<b>11,968</b>	<b>100.0%</b>	<b>1,805,086</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017.

**Percentage Unemployed**

<b>Period</b>	<b>Town of Windham</b>		<b>Percentage Unemployed</b>		
	<b>Employed</b>	<b>Unemployed</b>	<b>Town of Windham</b>	<b>Danielson-Northeast Labor Market</b>	<b>State of Connecticut</b>
July 2019 .....	11,986	654	5.2	3.8	3.6
<b>Annual Average</b>					
2018.....	11,784	657	5.3	4.4	4.1
2017.....	11,805	721	5.8	4.9	4.7
2016.....	11,652	789	6.3	5.6	5.3
2015.....	11,811	883	7.0	6.1	5.6
2014.....	11,492	1,055	8.4	7.2	6.7
2013.....	11,186	1,235	9.9	8.6	7.9
2012.....	10,628	1,546	12.6	10.4	8.3
2011.....	10,878	1,612	12.9	10.8	8.9
2010.....	11,107	1,516	12.0	10.3	8.7
2009.....	10,977	1,200	9.9	9.3	8.2

Source: State of Connecticut, Department of Labor.

### Commute to Work

	Town of Windham		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone .....	8,278	74.0%	1,387,093	78.2%
Car pools .....	1,301	11.6	143,925	8.1
Used public transportation .....	132	1.2	86,778	4.9
Walked .....	960	8.6	51,059	2.9
Used other means .....	204	1.8	19,988	1.1
Worked at home .....	310	2.8	85,156	4.8
<b>Total .....</b>	<b>11,185</b>	<b>100.0%</b>	<b>1,773,999</b>	<b>100.0%</b>
Mean travel to work (minutes)	20.9		26.0	

Source: American Community Survey 2013-2017.

### Housing Inventory

Housing Units	Town of Windham		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	4,016	41.4%	892,621	59.2%
1-unit, attached.....	468	4.8	81,393	5.4
2 units.....	1,429	14.7	123,040	8.2
3 or 4 units.....	1,383	14.3	130,914	8.7
5 to 9 units.....	1,247	12.9	82,787	5.5
10 to 19 units.....	271	2.8	56,540	3.8
20 or more units.....	499	5.1	128,477	8.5
Mobile home.....	379	3.9	11,564	0.8
Boat, RV, van, etc.....	-	-	375	0.0
<b>Total Inventory.....</b>	<b>9,692</b>	<b>100.0%</b>	<b>1,507,711</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017.

### Age Characteristics of Housing

Year Built	Town of Windham		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	3,346	34.5%	338,011	22.4%
1940 to 1969.....	3,166	32.7	535,477	35.5
1970 to 1979.....	1,184	12.2	200,217	13.3
1980 to 1989.....	969	10.0	191,939	12.7
1990 to 1999.....	499	5.1	114,261	7.6
2000 or 2009.....	426	4.4	105,131	7.0
2010 or later.....	102	1.1	22,675	1.5
<b>Total Housing Units .....</b>	<b>9,692</b>	<b>100.0%</b>	<b>1,507,711</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017.

### Value of Owner-Occupied Housing

<b>Specified Owner-Occupied Units</b>	<b>Town of Windham</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	216	5.3%	24,038	2.7%
\$50,000 to \$99,000.....	424	10.4	29,789	3.3
\$100,000 to \$149,999.....	1,240	30.4	83,320	9.2
\$150,000 to \$199,000.....	1,172	28.7	141,024	15.6
\$200,000 to \$299,999.....	881	21.6	244,356	26.9
\$300,000 to \$499,999.....	128	3.1	236,671	26.1
\$500,000 to \$999,999.....	21	0.5	106,192	11.7
\$1,000,000 or more.....	-	-	41,408	4.6
<b>Total.....</b>	<b>4,082</b>	<b>100.0%</b>	<b>906,798</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$156,500</b>		<b>\$270,100</b>	

Source: American Community Survey 2013-2017.

### Building Permits Last Ten Years

<b>Ending 6/30</b>	<b>Residential</b>		<b>Commercial / Industrial</b>		<b>All Categories</b>	
	<b>No.</b>	<b>Value</b>	<b>No.</b>	<b>Value</b>	<b>No.</b>	<b>Value</b>
2019	704	\$ 6,479	193	\$ 10,515	897	\$ 16,994
2018	651	10,140	912	23,084	1,563	33,224
2017	657	5,658	936	12,186	1,593	17,844
2016	897	5,757	1,100	13,565	1,997	19,322
2015	849	6,061	190	5,606	1,039	11,667
2014	881	5,419	212	11,927	1,093	17,346
2013	928	5,314	272	5,826	1,200	11,140
2012	994	4,983	287	35,776	1,281	40,759
2011	839	8,736	211	10,661	1,050	19,397
2010	865	4,990	231	11,339	1,096	16,329

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## **IV. Tax Base Data**

### **Property Tax**

#### **Assessments**

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List are the responsibilities of the Assessor's Office. The Grand List represents the total of assessed value for all taxable real property, personal property and motor vehicles located within the Town as of October 1. Assessments for real property are computed at 70% of the estimated market value at the time of the last general revaluation.

The Town's last general revaluation of real property was completed as of October 1, 2018. Pursuant to Section 12-62 *et. seq.* of the Connecticut General Statutes, as amended, the Town must next revalue all real estate as of October 1, 2023, and every fifth year thereafter. A revaluation by physical inspection must be made at any time up to October 1, 2028 (not later than ten years from the preceding physical inspection).

Any taxpayer who is unsatisfied with any new assessment may file a written appeal of such assessment with the Town's Board of Assessment Appeals and may receive, subject to the discretion of the Board of Assessment Appeals, an appeal hearing and final determination of any increase or decrease from the property's original assessment. Each year the Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal 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. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the last general revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

*Personal Property.* All personal property (furniture, fixtures, equipment, and machinery) is assessed annually. An assessor's check and audit is completed periodically. Assessments for personal property are computed at seventy percent (70%) of present market value.

*Motor Vehicles.* Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials. Section 12-71b of the Connecticut General Statutes, as amended, provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but prior to the first day of August in such assessment year, are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ration is based on the number of months of ownership, including the month of registration, to the next succeeding October 1. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70% of the annual appraisal of market value.

Section 12-124a of the Connecticut General Statutes, as amended, permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has approved the use of this abatement provision.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2016 and at 45.00 mills for the assessment year commencing October 1, 2017 and each assessment year thereafter. Section 4-66l of the General Statutes, as amended ("Section 4-66l"), diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rate for the current 2018 assessment year (the fiscal year ending June 30, 2020) is 45.00 for the Willimantic Taxing District and 39.41 for the Windhams District.

## Levy

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 property taxes are payable in two equal installments on July 1 and January 1 following the levy date and personal property and motor vehicle taxes are payable in one installment on July 1 following the levy date, although a 30-day grace period is provided. 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 lienied 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 accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 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 deferred revenue.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes which are deemed to be uncollectible.

### Comparative Assessed Valuations (in thousands)

Grand List of 10/1	Commercial			Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Change
	Residential Real Property (%)	& Industrial Real Property (%)	Other Real Property (%)						
2018 <sup>1</sup>	49.4	26.6	1.7	11.5	10.9	\$ 1,002,046	\$ 51,614	\$ 950,432	6.41%
2017	48.4	23.9	3.6	12.8	11.3	943,009	49,800	893,209	0.60%
2016	48.4	23.9	3.6	12.8	11.4	939,779	51,874	887,905	0.70%
2015	48.6	24.9	3.1	12.6	10.9	933,234	51,534	881,700	0.43%
2014	48.7	21.2	8.0	12.4	10.7	1,527,074	649,156	877,918	1.94%
2013 <sup>1</sup>	49.8	25.7	3.0	11.0	10.5	1,487,230	626,001	861,229	-10.51%
2012	55.3	17.4	8.7	9.2	9.4	1,006,844	44,444	962,400	1.58%
2011	56.0	16.9	8.8	8.5	9.8	985,952	38,517	947,435	1.31%
2010	56.7	16.8	8.8	8.2	9.5	970,120	34,958	935,162	1.01%
2009	56.7	16.9	9.0	7.9	9.5	958,745	32,930	925,815	0.08%

<sup>1</sup> Revaluation.

### Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List <sup>1</sup>
Connecticut Light & Power.....	Utility	\$ 24,724,000	2.60%
Yankee Gas.....	Utility	10,595,000	1.11%
Vesta Windham LLC.....	Apartments	9,480,000	1.00%
MHC Stonegate Manor LLC.....	Mobile Home Parks	9,102,000	0.96%
United Abrasives Inc.....	Manufacturing	7,539,000	0.79%
Walmart Stores Inc.....	Retail	7,285,000	0.77%
General Cable Industries Inc.....	Manufacturing	6,829,000	0.72%
Colonial BT LLC.....	Apartments	6,487,000	0.68%
Willimantic Station LLC.....	Real Estate	5,769,000	0.61%
Loch View LLC.....	Property Management	4,938,000	0.52%
<b>Total.....</b>		<b>\$ 92,748,000</b>	<b>9.76%</b>

<sup>1</sup> Based on October 1, 2018 Net Taxable Grand List of \$950,432,000.

Source: Tax Assessor, Town of Windham

### Property Tax Levies and Collections

<b>Fiscal Year</b>	<b>Grand List of</b>	<b>Net Taxable Grand List (000s)</b>	<b>Mill Rate</b>	<b>WSD Mill Rate</b>	<b>Adjusted Annual Levy (000s)</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 6/30/2018</b>
<b>Ending 6/30</b>	<b>10/1</b>							
2019 <sup>1</sup>	2017	\$ 893,209	37.50	49.60	\$ 40,152	98.3%	1.7%	1.70%
2018	2016	887,905	36.67	47.63	38,469	98.6%	1.4%	1.40%
2017	2015	881,700	35.00	46.00	35,991	97.7%	2.3%	1.90%
2016	2014	877,918	34.35	44.00	35,574	98.8%	1.2%	1.10%
2015	2013 <sup>2</sup>	861,229	32.41	43.00	33,259	97.7%	2.3%	1.50%
2014	2012	962,400	29.06	39.29	33,441	98.0%	2.0%	1.40%
2013	2011	947,435	28.63	38.67	32,412	97.7%	2.3%	1.30%
2012	2010	935,162	28.15	36.68	31,309	97.7%	2.3%	1.20%
2011	2009	925,815	26.87	36.68	29,775	97.9%	2.1%	0.90%
2010	2008	925,062	25.29	35.29	28,365	98.3%	1.7%	0.80%

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

<sup>2</sup> Revaluation.

Sources: Tax Collector's Office, Town of Windham.

### Property Tax Receivables

<b>Fiscal Year</b>	<b>Town of Windham</b>		<b>Town of Windham and Willimantic Service District</b>	
<b>Ending 6/30</b>	<b>Current Year</b>	<b>Total</b>	<b>Current Year</b>	<b>Total</b>
2018	\$ 228,936	\$ 320,207	\$ 425,218	\$ 980,415
2017	360,557	408,182	486,018	973,835
2016	139,384	190,031	424,352	658,137
2015	256,570	368,944	752,343	1,108,999
2014	219,401	297,413	664,496	930,289
2013	226,880	274,025	720,685	925,600
2012	226,031	352,468	708,922	1,256,652
2011	159,375	275,760	316,060	1,112,621
2010	135,640	235,833	468,229	894,242
2009	187,128	303,662	586,964	1,077,719

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## V. Debt Summary

### Principal Amount Of Bonded Indebtedness <sup>1</sup>

#### Long-Term Debt As of October 29, 2019

#### Long-Term Debt <sup>1</sup>

<i>Dated</i>	<i>Purpose</i>	<i>Rate %</i>	<i>Amount of Original Issue</i>	<i>Outstanding After This Issue</i>	<i>Final Maturity</i>
11/08/06	Qualified Zone Academy Bonds <sup>2</sup>	-	\$ 500,000	\$ 125,000	2022
07/31/08	Water <sup>3</sup>	2.00	668,189	279,980	2027
10/21/10	School, Series B	2.00-4.00	5,260,000	990,000	2022
03/01/12	CWF <sup>3</sup>	2.00	15,408,416	9,501,858	2032
04/01/14	General Purpose	2.00-4.00	6,160,900	4,165,100	2033
04/01/14	School	2.00-4.00	1,660,000	1,180,000	2033
04/01/14	Water	2.00-4.00	684,100	364,900	2033
<b>Total Outstanding</b>			<b>\$ 30,341,605</b>	<b>\$ 16,606,837</b>	
<b>This Issue</b>					
10/29/19	General Purpose, Series A	3.00-4.00	\$ 12,592,300	\$ 12,592,300	2046
10/29/19	School, Series A	3.00-4.00	3,702,700	3,702,700	2046
10/29/19	General Purpose, Series B	3.37-4.00	137,000	137,000	2040
10/29/19	School, Series B	3.37-4.00	2,138,000	2,138,000	2040
<b>Sub-Total This Issue</b>			<b>18,570,000</b>	<b>18,570,000</b>	
<b>Total</b>			<b>\$ 48,911,605</b>	<b>\$ 35,176,837</b>	

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

<sup>2</sup> The Town makes payments into an escrow fund to retire the \$500,000 par amount of the bonds in 2022. To date, the Town has \$387,561 in such fund.

<sup>3</sup> Debt service paid from enterprise funds.

#### Short-Term Debt <sup>1</sup> As of October 29, 2019 (Pro-Forma)

<i>Project</i>	<i>Aggregate Amount Authorized</i>	<i>This Issue: Notes Due: 10/1/20</i>
Senior/Community Center	\$ 14,593,635	\$ 9,000,000
Windham High School Renovation	112,062,777	3,000,000
Road & Sidewalks Phase IV	2,400,000	1,500,000
<b>Total</b>	<b>\$ 129,056,412</b>	<b>\$ 13,500,000</b>

<sup>1</sup> Excludes \$17,000,000 of Refunded Bond Anticipation Notes to be redeemed on January 2, 2020.

#### Other Long-Term Commitments

The Town executed capital leases for various capital equipment for public works, fire, and recreation department and the Board of Education. As of June 30, 2019, lease obligations totaled \$0.

**Annual Bonded Debt Maturity Schedule <sup>1</sup>**  
**As of October 29, 2019**  
**(Pro Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>This Issue:</b>		<b>Total Principal</b>	<b>Cumulative Principal Retired %</b>
				<b>Series A Bonds</b>	<b>Series B Bonds</b>		
2020 <sup>1</sup>	\$ 906,652	\$ 255,617	\$ 1,162,268	\$ -	\$ -	\$ 906,652	2.58%
2021	1,733,018	384,609	2,117,627	185,000	-	1,918,018	8.03%
2022	1,723,752	341,692	2,065,444	270,000	120,000	2,113,752	14.04%
2023	1,394,500	299,060	1,693,560	880,000	120,000	2,394,500	20.85%
2024	1,364,014	266,238	1,630,252	890,000	120,000	2,374,014	27.59%
2025	1,354,793	233,551	1,588,344	905,000	120,000	2,379,793	34.36%
2026	1,270,587	202,273	1,472,860	910,000	120,000	2,300,587	40.90%
2027	1,104,224	173,011	1,277,236	645,000	120,000	1,869,224	46.21%
2028	1,080,421	145,044	1,225,465	645,000	120,000	1,845,421	51.46%
2029	1,080,421	117,235	1,197,656	645,000	120,000	1,845,421	56.71%
2030	1,080,421	89,427	1,169,848	670,000	120,000	1,870,421	62.02%
2031	1,080,421	61,619	1,142,039	670,000	120,000	1,870,421	67.34%
2032	823,614	34,452	858,066	600,000	120,000	1,543,614	71.73%
2033	305,000	18,300	323,300	600,000	120,000	1,025,000	74.64%
2034	305,000	6,100	311,100	600,000	120,000	1,025,000	77.56%
2035	-	-	-	600,000	120,000	720,000	79.60%
2036	-	-	-	600,000	120,000	720,000	81.65%
2037	-	-	-	600,000	120,000	720,000	83.70%
2038	-	-	-	600,000	120,000	720,000	85.74%
2039	-	-	-	600,000	120,000	720,000	87.79%
2040	-	-	-	600,000	115,000	715,000	89.82%
2041	-	-	-	600,000	-	600,000	91.53%
2042	-	-	-	600,000	-	600,000	93.23%
2043	-	-	-	595,000	-	595,000	94.93%
2044	-	-	-	595,000	-	595,000	96.62%
2045	-	-	-	595,000	-	595,000	98.31%
2046	-	-	-	595,000	-	595,000	100.00%
<b>Total.....</b>	<b>\$ 16,606,837</b>	<b>\$ 2,628,228</b>	<b>\$ 19,235,065</b>	<b>\$ 16,295,000</b>	<b>\$ 2,275,000</b>	<b>\$ 35,176,837</b>	

<sup>1</sup> Excludes principal payments of \$830,647 and interest payments of \$169,495 made between July 1, 2019 and October 29, 2019.

## ***Overlapping/Underlying Debt***

The Town of Windham has neither overlapping nor underlying debt.

## ***Temporary Financing***

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year from the date of original issue and again for all subsequent years 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 building projects) of the estimated net project cost. The term of any bond issue is reduced by the amount of time temporary financing exceeds two years, or, for school and sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date, except for sewer or school notes issued in anticipation of state and/or federal grants. If a written commitment exists, the municipality may renew the 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 issuance of such notes (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. 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).

## ***Clean Water Fund Program***

The Town is a participant in the State of Connecticut's Clean Water Fund Program (General Statutes Sections 22-475 et seq., as amended) for its \$19,788,728 Phase I wastewater treatment facility upgrade with \$9,630,261 outstanding as of August 1, 2019. Debt service for the project is paid from user fees. The program provides financial assistance through a combination of grants and loans bearing interest at 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs.

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount that it draws down for the payment of project costs (Interim Funding Obligation). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project's scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is 20 years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20th of total principal not later than one year from the project's scheduled completion date specified in the Loan Agreement, and thereafter in monthly installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

**Debt Statement <sup>1</sup>**  
**As of October 29, 2019**  
**(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose (Includes this Issue).....	\$ 16,894,400
Schools (Includes this Issue).....	8,135,700
Water .....	10,146,737
<b>Total Long-Term Debt .....</b>	<b>35,176,837</b>
<b>Short-Term Debt</b> (Includes this Issue Due: 10/1/2020) .....	<b>13,500,000</b>
<b>Total Direct Debt .....</b>	<b>48,676,837</b>
Less: School Construction Grants Receivable (As of June 30, 2019) <sup>1</sup> .....	-
<b>Total Direct Net Debt.....</b>	<b>48,676,837</b>
<b>Overlapping/Underlying Debt.....</b>	<b>-</b>
<b>Total Overall Net Debt.....</b>	<b>\$ 48,676,837</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 October 29, 2019**  
**(Pro Forma)**

Population <sup>1</sup> .....	24,839
Net Taxable Grand List at 70% of Full Value (10/1/18) .....	\$ 950,432,000
Estimated Full Value .....	\$ 1,357,760,000
Equalized Net Taxable Grand List (10/1/17) <sup>2</sup> .....	\$ 1,415,621,220
Money Income per Capita (2017) <sup>1</sup> .....	\$ 19,666

	<b>Total Direct Debt: \$48,676,837</b>	<b>Total Overall Net Debt: \$48,676,837</b>
Debt per Capita.....	\$1,959.69	\$1,959.69
Ratio to Net Taxable Grand List.....	5.12%	5.12%
Ratio to Estimated Full Value.....	3.59%	3.59%
Ratio to Equalized Grand List.....	3.44%	3.44%
Debt per Capita to Money Income per Capita.....	9.96%	9.96%

<sup>1</sup> American Community Survey 2013-2017

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

**Statement Of Statutory Debt Limitation**  
**As of October 29, 2019**  
**(Pro Forma)**

**Total Tax Collections** (including interest and lien fees)

For the year ended June 30, 2018 ..... \$ 37,951,380

**Reimbursement For Revenue Loss:**

Tax relief for elderly ..... -

**Base for Debt Limitation Computation.....** \$ 37,951,380

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 85,390,605	-	-	-	-
4 1/2 times base.....	-	\$ 170,781,210	-	-	-
3 3/4 times base.....	-	-	\$ 142,317,675	-	-
3 1/4 times base.....	-	-	-	\$ 123,341,985	-
3 times base.....	-	-	-	-	\$ 113,854,140
<b>Total Debt Limitation .....</b>	<b>\$ 85,390,605</b>	<b>\$ 170,781,210</b>	<b>\$ 142,317,675</b>	<b>\$ 123,341,985</b>	<b>\$ 113,854,140</b>

**Indebtedness:** <sup>1</sup>

Bonds Outstanding.....	4,165,100	2,295,000	10,146,737	-	-
Bonds (This Issue) .....	12,729,300	5,840,700	-	-	-
Notes (This Issue) .....	10,500,000	3,000,000	-	-	-
Debt Authorized But Unissued .....	15,209,335	116,543,319	-	-	-
<b>Total Indebtedness.....</b>	<b>42,603,735</b>	<b>127,679,019</b>	<b>10,146,737</b>	<b>-</b>	<b>-</b>

Less:

State School Grants Receivable <sup>2</sup> ..... -

**Total Net Indebtedness .....** 42,603,735 127,679,019 10,146,737 - -

**DEBT LIMITATION IN EXCESS**

**OF OUTSTANDING INDEBTEDNESS....** \$ 42,786,870 \$ 43,102,191 \$ 132,170,938 \$ 123,341,985 \$ 113,854,140

<sup>1</sup> Excludes \$10,281,039 in Water Bonds outstanding as allowed under the Connecticut General Statutes.

<sup>2</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 \$265,659,660.

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**Authorized But Unissued Debt**  
**As of October 29, 2019**  
**(Pro Forma)**

<b>Project</b>	<b>Aggregate</b>	<b>Bonds</b>	<b>Webster</b>	<b>New Money</b>	<b>This Issue:</b>			<b>Authorized</b>
	<b>Amount</b>	<b>Previously</b>	<b>Notes</b>	<b>(Paydowns)</b>	<b>Series A</b>	<b>Series B</b>	<b>Notes</b>	<b>but</b>
	<b>Authorized</b>	<b>Issued</b>	<b>Due: 2/21/20</b>		<b>Bonds</b>	<b>Bonds</b>	<b>Due: 10/1/20</b>	<b>Unissued</b>
Refunding Bonds.....	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 1,895,000	\$ -	\$ -	\$ 1,105,000
Magnet School.....	4,000,000	2,080,000	1,672,500	-	1,672,500	-	-	2,327,500
Roads Phase II.....	3,900,000	3,620,000	251,800	-	251,800	-	-	3,648,200
Natchaug School Roof.....	1,568,242	437,000	65,526	13,705	79,231	-	-	1,489,011
High School Roof.....	4,000,000	143,000	1,385,564	-	1,385,564	-	-	2,614,436
Library.....	1,000,000	-	475,000	25,000	500,000	-	-	500,000
Microgrid/Middle School Roof.....	4,964,000	-	1,686,905	-	1,686,905	-	-	3,277,095
Roads Phase III.....	4,000,000	-	3,582,505	332,495	3,915,000	-	-	85,000
Senior/Community Center.....	14,593,635	-	2,634,000	6,366,000	-	-	9,000,000	5,593,635
Safety Complex Jail Cells.....	1,250,000	-	1,250,000	-	1,250,000	-	-	-
Replace 1986 Fire Engine.....	600,000	-	600,000	-	600,000	-	-	-
Jillson Park.....	1,100,000	-	450,000	-	450,000	-	-	650,000
IT Equipment - 2018.....	145,000	-	145,000	-	145,000	-	-	-
Public Works Equipment - 2018.....	930,000	-	930,000	-	930,000	-	-	-
Kramer Move.....	1,144,000	-	1,144,000	-	1,144,000	-	-	-
Windham High School Renovation...	112,062,777	-	727,200	2,272,800	-	-	3,000,000	109,062,777
Road & Sidewalks Phase IV.....	2,400,000	-	-	1,500,000	-	-	1,500,000	900,000
DPW Improvements.....	400,000	-	-	-	-	-	-	400,000
NWS Well System.....	125,000	-	-	70,000	-	70,000	-	55,000
WCS Well System.....	125,000	-	-	80,000	-	80,000	-	45,000
2017 BOE Capital Projects.....	275,000	-	-	275,000	-	275,000	-	-
2018 BOE Capital Projects.....	770,000	-	-	770,000	-	770,000	-	-
2019 BOE Capital Projects.....	943,000	-	-	943,000	-	943,000	-	-
2019 Town IT.....	137,000	-	-	137,000	-	137,000	-	-
Public Safety Complex Roof.....	390,000	-	-	390,000	390,000	-	-	-
<b>Total .....</b>	<b>\$ 163,822,654</b>	<b>\$ 6,280,000</b>	<b>\$ 17,000,000</b>	<b>\$ 13,175,000</b>	<b>\$ 16,295,000</b>	<b>\$ 2,275,000</b>	<b>\$ 13,500,000</b>	<b>\$ 131,752,654</b>

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**Ratio of Net Long-Term Debt to Valuation, Population and Income  
Last Five Fiscal Years**

<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>
2018	\$ 887,905	\$ 1,268,436	\$ 12,911	1.45%	1.02%	25,271	\$ 510.90	2.60%
2017	881,700	1,259,571	15,097	1.71%	1.20%	25,271	597.40	3.04%
2016	877,918	1,254,169	16,737	1.91%	1.33%	25,271	662.28	3.37%
2015	861,229	1,230,327	19,233	2.23%	1.56%	25,271	761.07	3.87%
2014	962,400	1,374,857	18,673	1.94%	1.36%	25,268	739.00	3.76%

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

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

<sup>3</sup> State of Connecticut, Department of Public Health Estimates, 2009. U.S. Department of Commerce, Bureau of Census, ACS 2013-2017.

<sup>4</sup> Money Income per Capita: American Community Survey 2013-2017 data: \$19,666 used for all calculations.

**Ratio of Annual General Fund Long-Term Debt Service Expenditures  
to Total General Fund Expenditures  
Last Ten 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>
2019 <sup>2</sup>	\$ 2,416,467	\$ 83,853,583	2.88%
2018	2,628,933	83,932,732	3.13%
2017	2,175,072	80,660,168	2.70%
2016	3,514,380	78,457,373	4.48%
2015	3,295,662	72,795,149	4.53%
2014	3,304,050	73,014,071	4.53%
2013	3,578,800	71,290,641	5.02%
2012	2,808,518	68,361,154	4.11%
2011	2,896,146	61,669,841	4.70%
2010	2,942,433	60,998,969	4.82%

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

<sup>2</sup> Subject to audit.

Source: Annual Audited Financial Statements.

## ***VI. Financial Administration***

### ***Fiscal Year***

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

### ***Basis of Accounting***

See footnote number 1 in Appendix A "Notes to General Purpose Financial Statements."

### ***Budget Adoption Procedure***

The General Fund is the only fund for which an annual budget must be adopted by the Town at referendum. On or before March 1 and after input from each agency and department of the Town, except the Board of Education, the Town Manager submits to the Town Council a proposed operating budget for both the Town and the Willimantic Service District. In addition, a program concerning capital improvement projects for the next five years and a method of financing them for the fiscal year commencing the following July 1 is also submitted.

On or before March 15, the Town Manager and Board of Education present to the Board of Finance a budget prepared for the fiscal year commencing the following July 1 for both the Town and the Willimantic Service District.

Copies of the budgets are made available to taxpayers five days prior to public hearings and five days prior to the annual budget meeting. The Board of Finance holds a public hearing to obtain taxpayer comments. A Town Meeting is held the first Tuesday in May and is adjourned to referendum on the second Tuesday in May. Should the recommended budgets fail at referendum, they are returned to the Board of Finance for adjustments. The budgets are legally enacted no later than seven days after the taxpayers approve it by referendum vote.

If the Town of Windham fails to approve an annual budget, the Charter provides the Town Council with the power to approve any and all necessary expenditures. This power is restricted by the Connecticut General Statutes, however, which limit such appropriations to an amount which does not exceed that of the previous fiscal year.

In the event a budget has not been approved by June 15th of any given year, the Charter provides that the Town Council may levy property taxes at a rate in mills which does not exceed the tax rate of the preceding fiscal year. However, the Connecticut General Statutes §12-123 provides broader power to the Town Council that when any Town has failed to levy taxes which are sufficient to pay current expenses of the Town, its Town Council shall make a rate bill for the amount necessary and cause the rate bill to be collected.

Upon request from the Town Manager, the Board of Finance may transfer any unexpended and unencumbered appropriation, balance or portion thereof from one board, office or agency, except the Board of Education, to another on or before June 30. The Board of Finance must approve any additional appropriation and a Town Meeting must approve any additional appropriation over \$100,000.

The General Fund budget is prepared on a modified accrual basis of accounting. Encumbrances are recognized as valid and proper charges 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 reflected in budgetary reports as expenditures in the current year. No officer of the Town shall expend or enter into any contract by which the Town shall become liable for any sum which, with any contract then in force, shall exceed the appropriation for the department, except in case of necessity connected with the repair of highways, bridges, sidewalks, and water and sewer systems and the case of the Town poor, and then not more than \$1,000. All unencumbered appropriations of the General Fund lapse at the end of the fiscal year.

### ***Fiscal Year 2019-20 Budget***

The Fiscal Year 2019-20 Town General Government and Board of Education ("BOE") budgets failed to pass the second referendum on Tuesday, September 24, 2019. The proposed mill rate of 37.24 was 0.27 mill less than in Fiscal Year 2018-19. In order to maintain liquidity, the Town sent out real estate billings on July 1, 2019 using the prior fiscal year's combined mill rate of 37.51 with a due date of August 1, 2019. Also, the Willimantic Taxing District Budget, which provides public safety services to the Borough of Willimantic, had already passed in June 2019 referendum. One half of the motor vehicle and personal property tax billings will be sent out in October with a due date of November 1<sup>st</sup> and the other half in January along with the real estate billings. The Fiscal Year 2019-20 budget will be scheduled for referendum again in December with a \$100,000 reduction to the Town budget and the legal minimum, or Minimum Budget Requirement (MBR), for the Board of Education. This provides the same budget in Fiscal Year 2020 as in Fiscal Year 2019 for the Board of Education. If the budgets pass in December, the combined mill rate would be 36.44, a decrease of



1.07 mills over Fiscal Year 2019. Currently, the Town Council is approving monthly allocations for Town and BOE spending based on the prior fiscal year budgets until the Fiscal Year 2019-20 budgets pass.

### **Audit**

The Town of Windham, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of a firm of independent certified public accountants to audit its financial records annually. The annual audits are conducted in compliance with Chapter 111 and contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations. The Town has not asked for nor has it been given permission to include the audited financial statements in this Official Statement.

### **Liability Insurance**

See footnote number 12 in Appendix A "Notes to General Purpose Financial Statements."

### **Capital Improvement Plan**

<b>Funding</b>	<b>Fiscal 2018-19</b>	<b>Fiscal 2019-20</b>	<b>Fiscal 2020-21</b>	<b>Fiscal 2021-22</b>	<b>Fiscal 2022-23</b>	<b>Total</b>
Capital Budget.....	\$ -	\$ 89,700	\$ -	\$ -	\$ -	\$ 89,700
Grants.....	8,195,000	2,360,000	-	2,500,000	-	13,055,000
Bonds / Notes.....	5,405,000	2,755,500	1,408,500	3,003,284	550,000	13,122,284
Enterprise Self-Funding.....	-	-	-	-	-	-
<b>Total .....</b>	<b>\$ 13,600,000</b>	<b>\$ 5,205,200</b>	<b>\$ 1,408,500</b>	<b>\$ 5,503,284</b>	<b>\$ 550,000</b>	<b>\$ 26,266,984</b>

<b>Purpose</b>	<b>Fiscal 2018-19</b>	<b>Fiscal 2019-20</b>	<b>Fiscal 2020-21</b>	<b>Fiscal 2021-22</b>	<b>Fiscal 2022-23</b>	<b>Total</b>
Infrastructure.....	\$ 11,627,000	\$ -	\$ -	\$ -	\$ -	\$ 11,627,000
Public Works.....	540,000	447,500	617,500	430,000	550,000	2,585,000
Fire.....	-	42,200	-	1,500,000	-	1,542,200
Police.....	390,000	47,500	116,000	116,000	-	669,500
Historic Downtown.....	100,000	-	-	500,000	-	600,000
Ambulance.....	-	198,000	-	-	-	198,000
Culture and Recreation.....	-	-	-	2,000,000	-	2,000,000
Schools.....	943,000	4,470,000	675,000	957,284	-	7,045,284
<b>Total Funding Sources....</b>	<b>\$ 13,600,000</b>	<b>\$ 5,205,200</b>	<b>\$ 1,408,500</b>	<b>\$ 5,503,284</b>	<b>\$ 550,000</b>	<b>\$ 26,266,984</b>

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## ***Pensions***

The Town is the administrator of three separate single-employer Public Employee Retirement System (PERS) defined benefit contributory pension plans established and administered to provide pension benefits for its municipal employees, police and firefighters, and one separate single-employer PERS defined benefit noncontributory pension plan established and administered to provide pension benefits for its Board of Education full-time employees other than teachers. The PERS do not issue stand-alone financial statements and are considered to be part of the Town's financial reporting entity. As such, the PERS are included in the Town's fiduciary fund financial statements as pension trust funds.

Fire employees are required to contribute 8.0% of their straight time earnings plus holiday pay pre-tax to the PERS. Police employees are required to contribute 8.0% of their straight time earnings pre-tax. If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its fire and police employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiations.

Municipal employees are required to contribute 1.5% of annual earnings to the PERS. The Board of Education is required to contribute the amounts necessary to finance the benefits for its employees. Board of Education employees are not required to contribute to the PERS. Benefits are fixed by contract and may be amended by union negotiations.

The Town's and Board of Education's funding policy provides for periodic employer contributions at actuarially determined rates, that, when expressed as a percentage of annual covered payroll, are sufficient to accumulate the assets needed to pay benefits when due. Contributions were determined in accordance with actuarially determined contribution requirements computed through actuarial valuations performed at various valuation dates. The employer's contributions were based on normal cost and an amortization of the unfunded actuarial accrued liability.

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### Fire

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Overfunded (Unfunded) AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>
7/1/2007	\$ 7,010,955	\$ 8,958,819	\$ (1,947,864)	78.3%
7/1/2009	7,151,615	9,682,542	(2,530,927)	73.9%
7/1/2011	6,947,426	9,989,719	(3,042,293)	69.5%
7/1/2013	7,791,868	11,476,391	(3,684,523)	67.9%
7/1/2015	9,320,626	12,693,880	(3,373,254)	73.4%
7/1/2017	10,921,555	13,557,647	(2,636,092)	80.6%

### Police

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Overfunded (Unfunded) AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>
7/1/2007	\$ 9,490,945	\$ 11,905,977	\$ (2,415,032)	79.7%
7/1/2009	10,490,417	13,739,936	(3,249,519)	76.3%
7/1/2011	11,259,929	14,524,523	(3,264,594)	77.5%
7/1/2013	13,373,790	16,028,912	(2,655,122)	83.4%
7/1/2015	16,447,233	21,014,154	(4,566,921)	78.3%
7/1/2017	19,162,538	23,760,804	(4,598,266)	80.6%

### Municipal

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Overfunded (Unfunded) AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>
7/1/2007	\$ 9,809,076	\$ 8,572,796	\$ 1,236,280	114.4%
7/1/2009	9,930,100	9,627,584	302,516	103.1%
7/1/2011	10,469,452	10,244,221	225,231	102.2%
7/1/2013	12,164,788	12,813,368	(648,580)	94.9%
7/1/2015	13,146,595	17,980,595	(4,834,000)	73.1%
7/1/2017	14,335,902	18,372,777	(4,036,875)	78.0%

### Board of Education

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Overfunded (Unfunded) AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>
7/1/2007	\$ 6,626,078	\$ 6,482,180	\$ 143,898	102.2%
7/1/2009	6,932,974	6,897,426	35,548	100.5%
7/1/2011	7,227,208	7,282,371	(55,163)	99.2%
7/1/2013	8,031,550	8,551,031	(519,481)	93.9%
7/1/2015	8,551,072	9,302,710	(751,638)	91.9%
7/1/2017	9,437,386	10,362,175	(924,789)	91.1%

**Pension Sensitivity Analysis:** The following table presents the net pension liability of the Town, calculated using the current discount rates of. As well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage lower or one percentage point higher than the current rate.

		<b>Current</b>	
	<b>1%</b>	<b>Discount</b>	<b>1%</b>
<b>Net Pension Liability (Asset)</b>	<b>Decrease</b>	<b>Rate</b>	<b>Increase</b>
Police.....	\$ 5,935,427	\$ 2,838,511	\$ 267,590
Fire.....	3,974,650	2,229,727	766,679
Municipal .....	6,636,847	3,834,872	1,484,442
BOE.....	2,431,821	1,160,534	82,300

#### **Schedule of Employer Contributions**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Fire PERS</b>					
2018	\$ 708,361	\$ 708,361	\$ -	\$1,870,801	37.86%
2017	677,857	677,857	-	2,009,650	33.73%
2016	714,062	-	714,062	1,923,110	0.00%
2015	689,426	450,000	239,426	1,884,070	23.88%
2014	551,973	551,973	-	1,794,352	30.76%
<b>Police PERS</b>					
2018	\$ 1,055,252	\$ 1,055,252	\$ -	\$2,766,608	38.14%
2017	1,009,811	1,009,811	-	2,952,695	34.20%
2016	790,769	790,769	-	2,825,545	27.99%
2015	753,269	753,269	-	2,764,927	27.24%
2014	816,486	816,486	-	2,633,264	31.01%
<b>Municipal PERS</b>					
2018	\$ 710,445	\$ 829,133	\$ (118,688)	\$6,039,928	13.73%
2017	660,879	560,000	100,879	5,926,104	9.45%
2016	516,719	516,719	-	5,753,499	8.98%
2015	518,719	518,719	-	5,729,056	9.05%
2014	496,485	496,485	-	5,301,533	9.36%
<b>Board of Education PERS</b>					
2018	\$ 485,352	\$ 485,352	\$ -	\$4,453,739	10.90%
2017	465,555	465,555	-	4,119,506	11.30%
2016	411,800	411,800	-	3,797,635	10.84%
2015	406,309	406,309	-	3,797,294	10.70%
2014	367,393	367,393	-	3,776,596	9.73%

## Other Post-Employment Benefits

The Town administers an Other Post-Employment Benefits Plan (the "OPEB Plan"), which is a single-employer defined benefit, healthcare plan. The OPEB Plan provides healthcare and life insurance benefits for eligible retirees and their spouses through the Town's group healthcare and life insurance plans, which covers both active and retired members. Benefit provisions are established through negotiations between the Town and the unions representing Town employees and are renegotiated each three-year bargaining period.

The Town's total OPEB liability of \$16,811,100 was measured as of June 30, 2018, as determined by an actuarial valuation as of July 1, 2016, which was projected forward to June 30, 2018. The Town has not accumulated any assets in a fiduciary trust for payment of benefits. Below is the change in total OPEB liability in detail.

<b>Changes in Total OPEB Liability</b>	<b>2018</b>
Total OPEB Liability:	
Service Cost.....	\$ 834,730
Interest on Total OPEB Liability.....	610,262
Differences Between Expected and Actual Experience....	(4,986)
Changes of Assumptions.....	(595,204)
Benefits Payments.....	(486,527)
<b>Net Change in Total OPEB Liability.....</b>	<b>358,275</b>
Total OPEB Liability, Beginning.....	16,452,825
<b>Total OPEB Liability, Ending.....</b>	<b>\$ 16,811,100</b>
Covered Payroll.....	\$ 34,818,995
Total OPEB Liability as a % of Covered Payroll.....	48.3%

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

<b>Actuarial</b>	<b>Actuarial</b>	<b>Actuarial</b>	<b>Overfunded</b>			<b>UAAL as a</b>
<b>Valuation</b>	<b>Value of</b>	<b>Accrued</b>	<b>(Underfunded)</b>	<b>Funded</b>	<b>Covered</b>	<b>Percentage of</b>
<b>Date</b>	<b>Assets</b>	<b>Liability (AAL)</b>	<b>AAL</b>	<b>Ratio</b>	<b>Payroll</b>	<b>Covered</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a-b)</b>	<b>(a/b)</b>	<b>(c)</b>	<b>((a-b)/c)</b>
7/1/2016	\$ -	\$ 14,667,655	\$ (14,667,655)	0.00%	\$ 33,887,100	-43.28%
7/1/2014	-	12,259,100	(12,259,100)	0.00%	33,020,300	-37.13%
7/1/2012	-	14,318,000	(14,318,000)	0.00%	42,017,400	-34.08%
7/1/2010	-	18,112,000	(18,112,000)	0.00%	40,045,000	-45.23%
7/1/2008	-	26,159,831	(26,159,831)	0.00%	39,532,700	-66.17%

*Note: The 7/1/18 valuation is in the process of being finalized.*

## Schedule of Contributions

<b>Fiscal Year</b>	<b>Annual</b>	<b>Percentage of Annual</b>	<b>Net OPEB</b>
<b>Ending</b>	<b>OPEB Cost</b>	<b>OPEB Cost Contributed</b>	<b>Obligation</b>
6/30/2018	\$ 1,363,972	-35.67%	\$ 16,811,100
6/30/2017	1,090,918	-27.00%	13,278,841
6/30/2016	1,084,955	3.00%	11,889,489
6/30/2015	1,371,630	4.00%	10,836,936
6/30/2014	1,365,044	3.30%	9,417,104

## ***Investment Policy***

The Town maintains a cash management investment policy, adopted by the Board of Finance on June 17, 2009. The policy applies to all transactions involving the financial assets and related activity of all of the foregoing funds. Pension or other formal trust funds are exempted from the policy. The policy contains no limit in investment choices beyond those limited by Connecticut General Statutes. Connecticut General Statutes permit the Town to invest in obligations of the United States, including its agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any nationally recognized rating service; or in obligations of the State of Connecticut or of any regional school district, town, city, borough or metropolitan district thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The pension trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor. In accordance with Connecticut General Statutes, the Town Council designates the qualified public depositories which the Treasurer may use for public deposits, including investments. The Town Treasurer and Controller invest the Town's operating and working capital funds accordingly.

In addition, the Town monitors the risk-based capital ratios and collateral requirements of the qualified public depositories, as defined by the Connecticut General Statutes, Section 36-382, for which it places deposits or makes investments. See Appendix A – "Audited Financial Statements, Notes to the Financial Statements" herein regarding the Town's cash and cash equivalents and investments.

The pension funds for Town employees are invested by professional portfolio managers chosen by the trustees of the Town's pension funds. The portfolio managers make investment decisions based on guidelines established by the trustees of the pension funds.

Teachers in the Town's school system participate in the Connecticut Teachers' Retirement System. The investment of teachers' funds is managed by the State.

## ***Risk Management***

The Town procures commercial insurance to protect it from the risk of loss for employee benefits, workers compensation and general liability including property damage. The Town of Windham is self-insured for health benefits and has Anthem as its administrator. The Town was fully-insured for Workers Compensation in 2015. The Town received permission from the State of Connecticut in June 2015 to go to self-insurance for Workers Compensation in 2016 and hired a Third Party Administrator (TPA). The Town is now into its fourth year of WC self-insurance. The Town also purchased stop-loss coverage at \$500,000 per claim. A Safety Committee is established and the Town promotes employee participation in safety training as well as funding to correct unsafe property.

Based on the Town's 2017-2018 "Schedule of Insurance," coverage and limits were as follows: General Liability was written on an occurrence basis with \$1 million occurrence, \$3 million aggregate and no deductible. Public Officials Employment Practice, School Board Employment Practices, Public Officials Liability and School Board Legal Liability were written on claims made basis with limits of \$1 million each wrongful act and \$1 million aggregate. Law Enforcement was written on an occurrence basis with \$1 million occurrence and \$1 million aggregate. These policies all had a \$10,000 deductible except School Board Employment Practices which had a \$75,000 deductible. Finally, the Town's Property Insurance had a \$248.9 million blanket limit, \$10 million for flood, \$5 million for earthquake, and \$100 million for boiler & machinery. The deductibles for the property blanket and boiler & machinery are \$5,000 and for Flood and Earthquake insurance \$50,000.

**General Fund Revenues and Expenditures**  
**Four Year Summary of Audited Revenues and Expenditures and Estimated Actual (GAAP Basis)**  
**and Adopted Budget (Budgetary Basis) (000s)**

	<b>Proposed Budget 6/30/2020<sup>1,2</sup></b>	<b>Estimated Actual 6/30/2019<sup>3</sup></b>	<b>Actual 6/30/2018</b>	<b>Actual 6/30/2017</b>	<b>Actual 6/30/2016</b>	<b>Actual 6/30/2015</b>
<b>Revenues:</b>						
Property Taxes.....	\$ 43,003,824	\$ 40,183,871	\$ 38,071,658	\$ 36,376,109	\$ 35,834,457	\$ 33,313,631
Licenses & Permits.....	610,038	307,500	330,220	302,462	295,814	258,136
Fines & Penalties.....	113,750	119,000	171,190	152,414	260,726	174,831
Charges for Services.....	1,808,200	1,913,200	1,998,963	2,035,658	2,144,000	2,398,821
Intergovernmental.....	39,918,552	40,662,512	40,637,599	40,539,900	36,765,536	36,520,351
Investment Income.....	10,000	10,000	30,362	9,080	24,855	6,016
Other Revenue.....	236,500	271,500	108,787	152,783	315,937	216,402
<b>Total.....</b>	<b>85,700,864</b>	<b>83,467,583</b>	<b>81,348,779</b>	<b>79,568,406</b>	<b>75,641,325</b>	<b>72,888,188</b>
<b>Expenditures:</b>						
General Government .....	\$ 2,715,927	\$ 2,584,602	\$ 2,329,545	\$ 2,455,663	\$ 2,694,157	\$ 2,723,255
Public Safety .....	1,571,667	1,701,434	1,661,221	1,610,262	1,628,545	1,591,520
Public Works .....	3,787,320	3,767,184	3,813,407	3,778,357	3,753,668	4,290,678
Human Services.....	1,011,582	575,191	697,652	686,654	724,446	600,614
Civic and Cultural .....	1,000,483	952,870	999,852	963,321	939,756	1,055,766
Education .....	58,535,576	57,576,055	57,224,238	54,887,548	50,733,767	48,972,918
Planning & Development.....	437,749	405,749	376,550	367,314	376,352	354,567
Other .....	3,612,021	3,866,801	2,897,092	3,393,385	2,411,252	708,672
Police.....	7,231,211	6,922,718	6,778,706	6,636,841	6,247,001	5,901,844
Fire.....	3,019,185	2,879,512	3,597,589	3,564,651	3,327,549	3,299,653
Miscellaneous .....	-	-	2,000	2,100	1,500	-
Capital Expenditures.....	32,500	25,000	-	-	-	-
Debt Service .....	2,602,063	2,416,467	2,628,933	2,175,072	3,514,380	3,295,662
<b>Total.....</b>	<b>85,557,284</b>	<b>83,673,583</b>	<b>83,006,785</b>	<b>80,521,168</b>	<b>76,352,373</b>	<b>72,795,149</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures.....</b>	<b>143,580</b>	<b>(206,000)</b>	<b>(1,658,006)</b>	<b>(952,762)</b>	<b>(711,048)</b>	<b>93,039</b>
<b>Other financing sources (uses):</b>						
Proceeds from Capital Leases.....	-	-	-	-	-	-
Proceeds from Refunding Bonds.....	-	-	-	-	-	-
Payment to Escrow Agent.....	-	-	-	-	-	-
Transfers In.....	386,000	386,000	200,000	236,425	250,887	249,494
Transfers Out.....	(529,580)	(180,000)	(925,947)	(139,000)	(2,105,000)	(131,606)
<b>Total Other financing sources (uses)...</b>	<b>(143,580)</b>	<b>206,000</b>	<b>(725,947)</b>	<b>97,425</b>	<b>(1,854,113)</b>	<b>117,888</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) over (Under) Expenditures and Other Financing Uses .....</b>						
<b>Financing Uses .....</b>	<b>-</b>	<b>-</b>	<b>(2,383,953)</b>	<b>(855,337)</b>	<b>(2,565,161)</b>	<b>210,927</b>
<b>Fund Balance, as originally reported....</b>			<b>9,481,027</b>	<b>12,901,525</b>	<b>12,901,525</b>	<b>12,690,598</b>
<b>Adjustment.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, Beginning of Year.....</b>	<b>7,097,074</b>	<b>7,097,074</b>	<b>9,481,027</b>	<b>10,336,364</b>	<b>12,901,525</b>	<b>12,690,598</b>
<b>Fund Balance, End of Year.....</b>	<b>\$ 7,097,074</b>	<b>\$ 7,097,074</b>	<b>\$ 7,097,074</b>	<b>\$ 9,481,027</b>	<b>\$ 10,336,364</b>	<b>\$ 12,901,525</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.

<sup>2</sup> The Town has not adopted a budget yet for FY 2019-20. The next referendum is scheduled for December 2019.

<sup>3</sup> Subject to Audit

### Comparative Balance Sheet

	<i>Actual</i> <i>6/30/2018</i>	<i>Actual</i> <i>6/30/2017</i>	<i>Actual</i> <i>6/30/2016</i>	<i>Actual</i> <i>6/30/2015</i>	<i>Actual</i> <i>6/30/2014</i>
<b>Assets</b>					
Cash and cash equivalents.....	\$ 2,195,922	\$ 1,329,941	\$ 6,942,486	\$ 7,946,923	\$ 8,979,888
Receivables:					
Property taxes .....	1,018,379	1,122,852	727,347	1,092,603	928,430
Intergovernmental .....	-	-	832,976	851,794	1,746,684
Other .....	2,755,808	719,572	572,113	975,746	1,078,851
Due from other funds .....	5,057,730	7,574,063	2,394,522	5,168,382	12,646,857
Restricted Investments.....	348,561	792,170	722,080	654,380	587,352
Inventories.....	125,772	144,801	118,964	116,251	112,351
<b>Total assets .....</b>	<b>11,502,172</b>	<b>11,683,399</b>	<b>12,310,488</b>	<b>16,806,079</b>	<b>26,080,413</b>
<b>Liabilities and Fund Balances</b>					
Accounts payable .....	3,490,995	899,070	1,246,730	2,195,162	5,061,382
Deferred revenue .....	-	-	-	1,707,806	-
Due to other funds.....	-	221,627	-	1,586	5,839,095
<b>Total liabilities .....</b>	<b>3,490,995</b>	<b>1,120,697</b>	<b>1,246,730</b>	<b>3,904,554</b>	<b>10,900,477</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Resources .....	914,103	1,081,675	727,394	-	-
<b>Total Deferred Resources .....</b>	<b>914,103</b>	<b>1,081,675</b>	<b>727,394</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable.....	125,772	144,801	118,964	116,251	112,351
Restricted.....	638,763	792,170	722,080	654,380	587,352
Committed.....	-	-	-	-	-
Assigned.....	-	-	-	676,980	898,389
Unassigned.....	6,332,539	8,544,056	9,495,320	11,453,914	11,092,506
<b>Total fund balance .....</b>	<b>7,097,074</b>	<b>9,481,027</b>	<b>10,336,364</b>	<b>12,901,525</b>	<b>12,690,598</b>
<b>Total liabilities and fund balance .....</b>	<b>11,502,172</b>	<b>11,683,399</b>	<b>12,310,488</b>	<b>16,806,079</b>	<b>23,591,075</b>
<b>Analysis of General Fund Balance</b>					
Operating revenues .....	\$ 81,348,779	\$ 79,568,406	\$ 75,641,325	\$ 72,888,188	\$ 74,574,235
Fund balance as a percent of					
operating revenues .....	8.72%	11.92%	13.66%	17.70%	17.02%
Unassigned fund balance as					
a percent of operating revenues .....	7.78%	10.74%	12.55%	15.71%	14.87%

Section 4-66l creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceed the spending limit specified in the general statutes (the “expenditure cap”). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality’s adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the cap was exceeded. The 2019-2021 biennium budget legislation did not provide funding for the municipal revenue sharing grant in the fiscal years ending June 30, 2020 and June 30, 2021, and accordingly the Town will not receive a municipal revenue sharing grant in fiscal year 2019-2020.

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



## **VII. Legal and Other Information**

### **Board of Education Dedicated Health Care Self-Insurance Reserve Fund Matter**

On August 12, 2019, Forensic Accounting Services, LLC (“FAS”), issued a forensic accounting report (the “Report”) completed at the request of the Town of Windham Board of Education (“BOE”) concerning a dedicated health care self-insurance reserve fund for Town and BOE employees (the “Fund”). The Report examined why approximately \$4 million in budgeted BOE contributions to the Fund were not made between July 2014 and December 2018, and were instead re-directed to offset various BOE operational cost overruns. The reallocation of such amounts contributed to the decline in the Fund’s balance to a deficit of \$946,784 at fiscal year end 2018, down from a balance of \$2,478,669 at fiscal year end 2015. In addition, fiscal year 2018 BOE operations were balanced, in part, by withdrawals from the BOE’s retirement plans and savings from displaced Puerto Rican student’s expenditures paid for by a fiscal year 2018 federal grant. The Report indicated that the need to balance the BOE budget was due to a structural budget imbalance created by the adoption of BOE budgets that understated the amount of known operational expenses. By fiscal year end 2019, the Fund’s net position had improved by \$822,081 resulting in a deficit of \$124,703. A copy of the full report is available on the Windham Public Schools’ website:

[https://www.windhamps.org/apps/pages/index.jsp?uREC\\_ID=443936&type=d&pREC\\_ID=960219](https://www.windhamps.org/apps/pages/index.jsp?uREC_ID=443936&type=d&pREC_ID=960219)

The Report cited a lack of policies, procedures and reporting and the absence of certain controls in several areas as contributing to the lack of transparency surrounding the reallocation of monies budgeted for the Fund, specifically, including BOE transfer authorizations occurring retroactively, rather than prior to the fund re-allocations, the lack of regular audit and finance committee meetings to monitor fiscal activity, a lack of reporting on the Fund itself; and the pooling of the Town and BOE self-insurance accounts. The Report includes recommendations for the adoption and implementation of certain additional policies, procedures and reporting requirements regarding the Fund, which the Town intends to adopt and follow. These include the following:

- (1) Establishing a committee to administer the activities of the Fund. The committee will meet bi-monthly with a bi-yearly audit for eligibility to be performed, and quarterly reports to be provided by the Town’s health benefits consultants;
- (2) The Fund will be structured to account for the BOE and Town separately, detailing revenues, expenditures and fund balances for each entity;
- (3) The annual requirement contributions will be established by the committee annually by March 15th;
- (4) A resolution passed by the Town Council in late August 2019 permits the Town to draw \$500,000 from the Fund to balance the Town and BOE year end budgets, if necessary, for fiscal year end 2019; and
- (5) The Town will monitor and set annual fund balance targets to continue improving the financial position of the Fund.

The Town’s Director of Finance also serves in this capacity for the BOE. In mid-June 2019, after the preliminary findings of FAS’ analysis were provided to the BOE, the Director of Finance was placed on paid administrative leave by the BOE, but continued to serve in his capacity as the Town’s Director of Finance. The paid administrative leave was not deemed an adverse job consequence as characterized by the BOE. Currently, the Town is reviewing the possible reinstatement of the Director of Finance in his capacity for the BOE.

The decline of the Fund assets is exhibited in the tables describing the Internal Service Funds within the Town’s Comprehensive Annual Financial Report (“CAFR”). The 2018 CAFR is included in Appendix A. The Town’s CAFRs from its prior fiscal years are available on EMMA or on the Town’s Finance Department website at [www.windhamct.com/departments.htm?id=1d5sva4p](http://www.windhamct.com/departments.htm?id=1d5sva4p). Town officials do not believe the Town needs to restate its audited financial statements pertaining to the Fund in regard to the Report or otherwise. The Town’s auditor, RSM US LLP, has not explicitly addressed whether the findings in the Report will impact the Town’s past or future audited financial statements.

### **Legal Matters**

Pullman & Comley, LLC is serving as Bond Counsel with respect to the authorization and issuance of the Bonds and the Notes and will render its opinions in substantially the forms included in this Official Statement as Appendices B-1, B-2 and B-3.

## ***Litigation***

Following consultation with the Town Attorney and other attorneys providing legal services to the Town, Town officials advise that the Town of Windham, Connecticut, its officers, employees, boards and commissions are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the Town officials' opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

## ***Documents Furnished at Delivery***

The Underwriter will be furnished the following documentation when the Bonds and Notes are delivered:

1. Signature and No Litigation Certificate stating that at the time of delivery, no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay them.
2. Receipt for the purchase price of the Bonds and the Notes.
3. The approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut, in substantially the forms attached hereto as Appendices B-1, B-2 and B-3.
4. Executed Continuing Disclosure Agreements for the Bonds and Notes in substantially the forms attached hereto as Appendices C-1, C-2 and C-3 to this Official Statement.
5. Certificate on behalf of the Town, signed by the Town Manager and Director of Finance, which will be dated the date of delivery, and which will certify, to the best of said officials' knowledge and belief, that as of the date of the execution of the Bond and Note Purchase Agreement and as of the closing date, 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.
6. Such other documents as required by the Bond and Note Purchase Agreement.

The Town of Windham has prepared an Official Statement dated October 14, 2019. 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. A record of the proceedings taken by the Town in authorizing the Bonds and the Notes will be kept on file at the principal office of the Paying Agent, U.S. Bank National Association, Corporate Trust Department, 225 Asylum Street, Hartford, Connecticut 06103 and may be examined upon reasonable request.

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### ***Concluding Statement***

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of the Bonds and the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representation of fact, and no representation is made that any of 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. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

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 WINDHAM, CONNECTICUT***

By: /S/ JIM RIVERS  
JIM RIVERS, *Town Manager*

By: /S/ PATRICIA SPRUANCE  
PATRICIA SPRUANCE, *Treasurer*

By: /S/ CHRISTIAN JOHNSON  
CHRISTIAN JOHNSON, *Director of Finance*

October 22, 2019

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***Appendix A***

***The Town's Comprehensive Annual Financial Report  
For Fiscal Year Ending June 30, 2018***

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**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR  
JULY 1, 2017 - JUNE 30, 2018**



**TOWN OF WINDHAM,  
CONNECTICUT  
OFFICE OF THE DIRECTOR OF FINANCE**

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## **Introductory Section**

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# TOWN OF WINDHAM, CT

## Finance Department

979 Main Street  
Willimantic, CT 06226-2200



860-465-3057  
FAX 860-465-3051  
[www.windhamct.com](http://www.windhamct.com)

February 22, 2019

To the members of The Town Council, Board of Finance, and the citizens of the Town of Windham, Connecticut:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Windham, Connecticut (the Town) for the fiscal year June 30, 2018. This report was prepared in its entirety by the Finance Department and we take full responsibility for the accuracy of the data and the completeness and fairness of the presentation of the financial statements, supporting schedules and statistical tables.

The CAFR is designed to be in conformance with generally accepted accounting principles (GAAP) for governmental units as well as the standards of financial reporting promulgated by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA) and the laws of the State of Connecticut. We believe this report presents fairly the financial position of the Town and the results of its operations. The report is consistent with full disclosure so that the reader may gain the maximum understanding of the Town's financial affairs.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complete the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

The Town is required to undergo an annual single audit in conformity with the provisions of the Federal and State Single Audit Acts. Information related to the single audits, including the schedule of expenditures of federal and state awards, findings, and recommendations, and auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations are issued under separate cover and are not included in this report.

### **PROFILE OF THE TOWN**

#### **History, Location and Other Information**

The Town of Windham, Connecticut was incorporated in 1692 after being settled in 1686. The Town, named after Windham in Sussex, England, covers an area of 27.9 square miles. It is located in the center of eastern Connecticut and is bounded on the north by Mansfield and Chaplin, east by Scotland, south by Franklin and Lebanon, and west by Coventry and Columbia. Windham is 27 miles east of Hartford, Connecticut and 50 miles west of Providence, Rhode Island and is served by several highways, including U.S. Route 6 and State Routes 14, 32, 66, 195, 203, and 289 with connections to Interstates 84, 384 and 395. Freight service is provided by the Genesee & Wyoming along the New England Central Rail Railroad.

Windham is the established service center for northeastern Connecticut with a variety of regional and state facilities. The Town is home to Eastern Connecticut State University, Windham Regional Vocational/Technical School, Windham Airport, Windham Community Memorial Hospital, and a branch of Quinebaug Valley Community Technical College. The University of Connecticut Storrs campus, located in Mansfield, is only eight miles from Windham. The Windham Regional Transit District provides local bus transportation between Willimantic and Storrs.

Five banks serve Windham, including Bank of America, Liberty Bank, First Niagara Bank, The Savings Institute and Charter Oak Federal Credit Union. The Chronicle, a daily newspaper, and WILI, a radio station, are located in Windham and provide communication services for the area.

Today, Windham/Willimantic is in the midst of a renaissance. The Windhams, particularly, North Windham is finding a surge in development, while at the same time, Windham Center, and South Windham find the area filling with new homeowners. The city within the Town, Willimantic, is evolving daily. Currently there is a major downtown revitalization taking place that harbingers changes in the fabric of the downtown area. There are a multitude of downtown initiatives: the Victorian Neighborhood Association, The Garden on the Bridge, The Mills Art's Space, The Whitewater Initiative, the Windham Theatre Guild, ACT and the wonders of the Third Thursday Festival are a few of the beacons of success that illuminate the bright future of the Town of Windham.

## **Form of Government**

The consolidation of Windham and Willimantic was approved by referendum in December of 1982 with the charter becoming effective July 1, 1983, revised November 5, 1992, November 7, 2007, and November 4, 2014. The Consolidation Charter created one government for the Town and established a provision for Windham's fire and police protection through service districts. The section of Windham within the boundaries of the former City of Willimantic is known as the Willimantic Taxing District. The Town and the Willimantic Taxing District are maintained as separate funds, but consolidated for financial reporting purposes. The area of Windham outside the former city limits is known as the Windham First Taxing District, and funding for police and fire services is appropriated through the Windham First Taxing District, an entity separate from the Town. The Town imposes a separate tax levy for the general government and the Willimantic Taxing District. Individuals residing in the Willimantic Taxing District receive a tax bill based on the total levy for the general government and the Willimantic Taxing District. Individuals residing in the Windham First Taxing District receive a tax bill based on the total levy for the general government and the Windham First Taxing District.

Effective November 17, 2009, as a result of a Town charter revision, the Town's form of government changed from an eleven-member Board of Selectmen to an eleven-member Town Council (the Mayor plus ten Councilors), which serves as the Town's legislative body. Under the previous form of government, an elected First Selectman acted as the chief executive officer and this position has been replaced with a Town Manager appointed by the Town Council and a "ceremonial" Mayor who serves as the Town Council Chair and acts as the ombudsman for the Town. The general objective of the 2007 charter revision was to provide stable, professional Town management to ensure the efficient administration of Town government and to develop and implement strategic initiatives for the Town that are consistent with the goals set forth by the Town Council, the legislative body.

Effective November 14, 2014, the Town charter was revised again. Under this revision, the budget for the Willimantic Taxing District is under the purview of the elected Board of Directors for the Willimantic Taxing District and not the Board of Finance.

Powers and privileges are conferred and granted to the Town by the Connecticut General Statutes and the Charter. The Town Meeting approves the annual budget, all special appropriations or expenditures over \$100,000, and all bond and note authorizations, except for refunding bond authorizations which are approved by the Town Council. The Town Manager is responsible for the administration of all Town matters with the exception of the education system. Presiding over the Town Council, the Mayor has full voting privileges.

The Board of Finance is the budget-making authority responsible for financial and taxation matters regarding the Town General Government budget and the Board of Education budget, presenting these annual operating budget and special appropriations to the Town Meeting for its approval, and establishing the tax rate. The Board of Finance adjourns the Annual Town Meeting to referendum.



The local Board of Education, which is an elected nine-member board serving four-year staggered terms, is the policy-making body for all public education, grades pre-kindergarten through twelve. The Superintendent of Schools is directly responsible to the Board of Education for the supervision and administration of the education system.

The Water Commission and Sewer Authority serve all citizens of the Willimantic Taxing District with water service extending beyond the District's boundaries in some areas. The Commission and Authority are governed by a Board whose members are appointed by the Town Council. The rates for user charges are established by the Commission and Authority, respectively, and bond issuance authorizations are approved at a town meeting. The legal liability for the general obligation portion of the Commission's and Authority's debt remains with the Town.

The Windham First Taxing District is the only coterminous entity within the territorial limits of the Town of Windham. Effective July 1, 1983, with the consolidation of Willimantic and the Town of Windham governments, Windham became responsible for the outstanding debt and other liabilities of Willimantic. The Town has the power to incur indebtedness by issuing bonds and/or notes as provided by the Connecticut General Statutes.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Economic Condition and Outlook**

Several diversified industries are located in Windham, including: General Cable Corporation, United Abrasives, Inc., and Willimantic Waste Company. This trio tops the list of Windham's three largest private sector employers. General Cable Corporation is an international manufacturer of fiber-optic cable. United Abrasives, Inc. /SAIT is one of the largest and leading manufacturers of abrasive products in the world and has maintained its headquarters in North Windham since 1970. Willimantic Waste is a 'homegrown' business that focuses on waste management and recycling.

Other companies that round out Windham's manufacturing/industrial base include: Micro Precision, Nathan Airchime, Prime Materials, Fluoropolymer, and Windham Materials. Microprecision/Nathan Airchime recently completed an expansion of their South Windham facility from 9,600 s.f. to 18,000 s.f. and has added a second shift to their operations.

The Windham Mills Technology Center, a massive historic restoration project in the heart of Willimantic's Downtown, continues to be an important economic development resource. The former American Thread Company facility was converted into a multi-tenant technology business center with emphasis on research and development and new-product manufacturing.

The Town of Windham is one of the State's Target Investment Communities, which were set up to grant economic incentives to manufacturing businesses that choose to expand or locate in the Town of Windham. Also, a State-designated Enterprise Zone provides additional tax and other incentives to businesses and property owners within the Willimantic and parts of North Windham.

In 1998, the State designated the Town's historic downtown area as an Entertainment District. Recent economic development has concentrated on the Main Street area of the community, and several new businesses have opened.

Some of these Main Street businesses include: The Willimantic Brewing Company, Cafemantic, Swift-water Artisans, Kerri's Gallery, The Burton Leavitt Theater, conversion of the former Capitol Theater into a regional Magnet School (ACT) for the Performing Arts, and historic restoration of the former YMCA building into a Charter School as an alternative learning facility for High School students (Path Academy). A branch of Quinebaug Valley Community College also has a branch located on Main Street in the City of Willimantic.

Windham is one of the major commercial, retail and service centers in eastern Connecticut. A number of large retail establishments are located in Windham, including Home Depot, Stop & Shop, Wal-Mart, B J's Wholesale, Sherman Williams, Auto Zone, Advance Auto Parts, Ocean State Job Lot and The Tractor Store. Other popular retailers include CVS and Walgreen's Pharmacy, Cumberland Farms, Aldi's Grocery Store, Tractor Supply, Dollar Tree and Family Dollar.

Eastern Connecticut State University (ECSU), with an enrollment of approximately 5,500 students, continues to expand its facilities. In 2016, ECSU completed construction of a \$62 million state-of-the-art Performing Arts Center.

The Windham Airport, which is owned by the State of Connecticut, is located on the Route 6 corridor. The Airport has two runways, with the longest approximately 4,200 feet in length. The State has designated the Airport as an important regional asset because of the length of this runway, and recently updated the Airport's Plan as required by the Federal Aviation Administration. In 2015, the Airport added a fueling station and a new fixed-based operator has contracted with the state for airport operations (Windham Air Services, LLC).

Other recent developments included the conversion of another old mill building in the Downtown area into eighty-four, market rate apartments. Another project was Common Ground, a 60-unit residential complex that was constructed to provide Supportive Housing for up to 30% of its residents.

In addition, Hartford Hospital merged with our local hospital, and recently completed a 30,000-square-foot professional medical office building with related accessory uses located behind the hospital owned by Windham Community Memorial Hospital.

The Town Manger in conjunction with Town Council and the Economic Development Commission have had significant impact on major economic initiatives throughout the Town. One of these initiatives involved the hiring of a new Economic Development Director in 2015, a position that had been vacant for 6 years. The Economic Development Director, among other things, is charged with promoting the retention and expansion of existing businesses and the recruitment of new businesses to Windham.

### **New Investment**

Over the last 3 years, Windham has seen a number of significant private investments, especially in underutilized properties that either have been, or are in the process of, being brought back online with new tenants. These include: 1) the purchase of 3 strip centers on Boston Post Road in North Windham (\$4.6); 2) purchase and renovation of an abandoned shopping center (occupied only by two NFPs, into a new retail center called University Plaza and with Planet Fitness as an anchor (\$2.4M); and, 3) purchase of the Keeper building, a vacant 70,000 s.f. industrial site in North Windham that was bought by Fluoropolymer Resources, LLC, a Willimantic-based manufacturer that is significantly expanding its operations in town (\$1.9M).

Downtown Willimantic has seen a similar investment trend, through the combination of renters purchasing their buildings to become property owners (The Harp Restaurant, Cafemantic, Royal Buffet, Oriental Cafe and the Nasiff Building) and the purchase of long-vacant or abandoned properties such as, Willimantic Lumber and Coal by the Food Co-op, the Turkington Building (\$3M), Valley Street Plaza (now fully occupied) and 31 Church Street (undergoing renovations).

### **Major Projects**

The Town has committed to reducing its energy consumption in municipal buildings by 20% by 2018. Much has been accomplished by upgrading all lighting to energy efficient lamps, installing solar panels on all the schools, the public library, an elderly housing facility, and converting from oil to gas fired heating systems in several buildings. Moreover, the Energy Commission is focused on assisting our residents learn of energy conservation through its participation in various energy conservation programs including a Thermal Imaging program.

## Housing Initiatives

The Town of Windham has been the leader in this region in providing and promoting affordable housing for a variety of housing types and needs. According to the latest statistics from the State DECD, the Town of Windham is exempt from the requirement to provide affordable housing to be built for a minimum of ten percent of its housing stock.

This is because Windham has over 28% of its housing stock classified as affordable housing for low to moderate-income households. In addition, we have approximately 3,300 apartments in roughly 664 properties of three family dwellings or more. Further, we have 496 mobile homes in Town. Moreover, of all households in the Town of Windham, less than one third are owner occupied, and one of our primary goals is to promote home ownership.

Willimantic Housing Authority, the board of which is appointed by the Town Council provides housing assistance to low income residents through the management of programs such as Low Rent Public Housing and the Housing Choice Voucher Program - Section 8.

Among the various large scale housing complexes are the following:

- ASHTON TOWERS, 621 Valley Street, Willimantic Housing Authority Federally assisted elderly Public housing with 100 one-bedroom apartments.
- BRIARWOOD APARTMENTS, Route 14, 277 Bricktop Rd, Windham [www.simonsreg.com](http://www.simonsreg.com) 56 units.
- CEDARWOOD, Roanoak Ave., Willimantic - Common Ground Inc. <http://www.commonground.org>  
– This project was approved in 2007 as a supportive housing project for 74 one-bedroom units financed through CHFA.
- WILBUR CROSS APARTMENTS, 645 Valley Street, Willimantic Housing Authority Federally assisted housing for elderly 50 units.
- EASTMAN TERRACE, Memorial Drive, Willimantic. - 78 units this is a State-assisted moderate-income public housing project.
- 560 ON MAIN - Frog Bridge Development - abutting the Town's famous Frog Bridge in the Downtown area - has 84 apartments.
- GAN-A-DEN, 441 Ash St. Willimantic. Rural Development Housing - 50 units, with 4 handicapped accessible.
- GAN-A-DEN TOO, 306 Ash St., Willimantic. Rural Development Housing. Paradise Agency. Telephone: (860) 537-7044. Web site: [www.paradiseagency.com](http://www.paradiseagency.com) - 54 units, with 5 handicapped units. GA-NA-DEN SOUTH, 300 Windham Road, Willimantic. Rural Development.
- HOUSING, PARADISE AGENCY. Web site: [www.paradiseagency.com](http://www.paradiseagency.com) - 56 units, including 3 accessible for persons with disabilities. NATHAN HALE TERRACE, West Avenue, Willimantic Housing Authority - 100 units; federally assisted, low-income Public, housing. Income limits based on family size, or 30% of income.
- HEVRIN TERRACE at Keating & Emerald Avenues, Willimantic Housing Authority. Section 8 - public housing - 90 units Rental costs according to HUD income guidelines.
- FATHER HONAN TERRACE, 10 Valley Street Extension, Willimantic Housing Authority. Public state aided elderly/disabled housing - 50 units.
- IVY GARDENS 84 Ash Street, Willimantic. 100 units.

- KINGSWOOD APARTMENTS, 466 Ash Street, Willimantic – Carabetta Management Co. Income limits for Low Income Housing Tax Credit Program. 110 units. TERRY COURT, Willimantic Housing Authority Ash Street, Normandy Avenue, Hope Street, Canal Street, and Coral Street, Willimantic. 68 apartments - moderate-income Public housing. JONATHAN TRUMBULL TERRACE, 22 Emerald Avenue, Willimantic Housing Authority. 40 units.
- VILLAGE HEIGHTS, 108B Cameo Drive, Willimantic Section 8 subsidized FHA/HUD housing [www.thecalebfoundation.org](http://www.thecalebfoundation.org) has 142 units.
- WINDHAM HEIGHTS, 202C Scott Rd (Rt. 6), Willimantic. [windham@vestacorp.com](mailto:windham@vestacorp.com) HUD subsidized housing 350 - One, two, and three bedroom apartments. Rent based on income if meets Section 8 qualifications.
- WYNDHAM PARK APARTMENTS, 140 Plains Road, Windham. [wyndhamp@snet.net](mailto:wyndhamp@snet.net); 104 two-bedroom townhouses.

Finally, the Town of Windham has had two emergency shelters in Willimantic as needs arise during inclement weather.

### **Planned Projects**

The Town is in the process of securing funding for a new parking structure in the Downtown area near the Public Safety complex and hopes to build it in the near future. The Town has applied for an Urban Grant from the State of Connecticut to fund this state of the art facility. This still requires final bonding approval from the Governor of Connecticut, but has been appropriated by the State legislature.

Redevelopment opportunities: The Downtown still has a number of redevelopment opportunities that we feel will be positive for the resurgence of Willimantic. The Town has benefited from private investment in redevelopment of several old mill buildings and downtown commercial properties - including the renovation of the Capitol Theater into a Theater Arts Magnet School, and now the former YMCA into an alternative Charter High School. The former Jillson Theater was recently bought by the Town of Windham and will be converted into a Senior/Community Center. A \$3.25M bond authorization was approved in a Town Meeting in March 2017 for this purpose. The Theater was subsequently purchased and construction began in 2018 with the demolition of the old theater. The Kramer Building, former home to the high school, the middle school and currently, the school administration, will be sold in 2018. The school administration will be moving to the High School where the Central Office space is now being renovated for the move.

Human services: The State of Ct had awarded a \$1.3 million grant to the Town for the development of a Senior Center on Main Street in Willimantic. Legislative efforts were recently successful to move the funding from the Access Agency to the new location of the Senior/Community Center on Jillson Park. This will increase the project to a total of \$4.6M. In addition, the Town is seeking funding for improvements to the former Noznick Farm Property in Windham Center to develop new ball fields and a dog park. The Willimantic Library just received a \$500,000 Grant to complete a \$1,000,000 renovation of the facility. This construction was completed in 2017. In addition, the Town will be building a band shell in Jillson Park as an entertainment venue as well as updating the park infrastructure. The estimated cost is \$1.1M of which \$650,000 is anticipated to be funded through as state grant.

Public Safety & Innovative Energy security: The Town was awarded state funding for a MICRO-GRID at Windham Middle and Sweeney Elementary School in response to a grant opportunity offered by the State Department of Energy and Environmental Protection. This project will provide alternative power on a daily basis while continuing to provide power during general service outages. It is located at Windham Middle School and Sweeney Elementary School both of which can then serve as emergency shelters. Each co-generator is designed to produce 100-150 kilowatts of power. This project was completed in the summer of 2016.

Education: The renovation of Windham Public High School as new was approved by the state and voters in the fall of 2017. The state is in the process of determining the grant amount. The renovated building will include the high school facilities, the early childhood programs, and the central office administration.

### **The Band Shell and other downtown improvements through grants obtained by the Town's Office of Economic Development:**

I. In 2016, Windham was awarded a \$650,000 Urban Act Grant for various downtown revitalization projects. Windham was also to dedicate a minimum of \$350,000 towards the downtown revitalization. Currently, Windham's expenditures and proposed additional bonding for the projects now exceeds \$1,000,000.

The aforementioned projects include: 1) assistance with the redevelopment of five (5) large, vacant Main Street buildings in the form of grants for facades, roofs, and reconfiguration of ground floors to make them viable for retail use; 2) Main Street beautification projects (sidewalks, trees, trash receptacles, lighting and access for connections to Riverside Drive businesses); and 3), the development of Jillson Square via public-private partnership to create a quintessential "Town Green" with decorative fencing, construction of a band shell to expand concerts and other arts and music events, and the relocation of the Willimantic Farmer's Market and construction of a pavilion to expand opportunities for local farmers.

II. A \$120,000 Brownfields Assessment Grant from the CT Department of Economic and Community Development for a 15-year abandoned gas station in the heart of West Main Street's retail section. The Assessment is set to be finished in June and the results of the assessment will lead to an application for a remediation grant for the site when they are offered in the fall.

### **Long-Term Financial Planning**

The Town adopts on an annual basis a five-year capital plan. Additionally, in conjunction with the Board of Education a Capital Planning Committee has been established to develop a comprehensive ten-year plan.

### **RELEVANT FINANCIAL POLICIES**

Prior to the close of the previous fiscal year, the Town Council, Board of Finance, and Board of Education jointly approved a consolidation of the financial operations of the Finance departments of the Town and Board of Education. To this end, the Town hired Christian Johnson effective September 30, 2013 as a unified Finance Director. This Finance department consolidation was completed on July 1, 2014. The new MUNIS financial system went live in July as well: GL, AP, PO, and budget modules. It has a common chart of accounts for the Town and BOE and it is compliant with the State of CT required Unified Chart of Accounts (UCOA). On the Town side, the MUNIS payroll system went live July 2015. On the BOE side, the payroll system went live in February 2018.

The new accounting system is a fully automated integrated financial management system consisting of general ledger and a full complement of ancillary systems and supporting modules. It is organized and operated on a fund basis. Each fund being a distinct and self-balancing accounting entity.

The implementation of the new financial system reduced the number of funds by 40% as many construction projects were consolidated into a single fund, public safety grants were consolidated and assignments of fund balance were no longer accounted for outside of the Town's general fund.

### **Internal Controls**

All financial transactions are subject to pre-audit, as well as to an annual audit by an independent auditing firm selected by the Board of Finance. The independent auditor and Finance Department staff monitors financial policies and procedures. Within this framework, we believe that the town's internal controls adequately safeguard assets and provide reasonable assurance of proper recording and reporting of financial activity.

## **Budgetary controls**

Centralized budgetary control of disbursements and encumbrances against appropriations is maintained by department, by program, or activity and by principal object of expenditure. The Windham Board of Education budget is controlled only as to its appropriation. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Citizens.

## **Pension Administration**

There are five defined benefit plans for employees of the town and Willimantic Taxing District. Four are single employer plans and one is a plan with the State of Connecticut for certified Teachers at the Board of Education (Teacher's Retirement Board) in which the Town is a non-contributing employer.

## **Debt Administration**

The Town has a total of \$15,097,000 in total governmental debt and \$12,225,481 in total enterprise debt outstanding (this includes Clean Water Fund Notes) with interest rates ranging from 1.75-4% and varying maturity dates with a final date of 2034 for the \$7,820,900 bond issued in 2014.

In March 2017, the Town issued \$9,795,000 of General Obligation Bond Anticipation Notes (BANS) with a 7-month term to retire \$9,795,000 of existing 3-month notes and to provide temporary funding of various school construction projects, energy initiatives, a library renovation and road and sidewalk projects with an interest rate of 1.25% maturing on October 2017.

The Town has an AA3 rating from Moody's. Standard & Poor's upgraded the Town's rating from A+ to AA in 2014 citing strong management and good financial policies and practices along with strong budgetary performance.

## **Cash Management**

During the fiscal year, idle cash was invested in legally permitted investments on a short-term basis. Connecticut statutes restrict the investment of municipal funds to direct and indirect securities of the United States Government and Certificates of Deposit issued by commercial banks located within the State.

## **Risk Management**

The Town procures commercial insurance to protect it from the risk of loss for employee benefits, workers compensation and general liability including property damage. The Town of Windham is self-insured for health benefits and has Anthem as its administrator. The Town was fully insured for Workers Compensation in 2015. The Town received permission from the State of Connecticut in June 2015 to go to self-insurance for Workers Compensation in 2016 and hired a Third Party Administrator (TPA). The Town is now into its third year of WC self-insurance. The Town also purchased stop-loss coverage at \$500,000 per claim. A Safety Committee is established and the Town promotes employee participation in safety training as well as funding to correct unsafe property.

Based on the Town's 2016/2017 "Schedule of Insurance," coverage and limits were as follows: General Liability was written on an occurrence basis, the general aggregate was \$3M and \$1M for each occurrence and there is no deductible. Employment Practices, Public Officials and School Board Legal were written on claims made basis with limits of \$1M aggregate and \$1M each wrongful act. Law Enforcement was written on an occurrence basis with \$1M occurrence and \$1M aggregate. These policies all had a \$10,000 deductible for legal liability except School Board Legal which had a \$75,000 deductible for employment practices. Finally, the Town's Property Insurance had a \$241.6M blanket limit, \$10M for flood, \$5M for earthquake, and \$100M for boiler & machinery. The deductibles for the property blanket and boiler & machinery are \$5,000 and for Flood and Earthquake insurance \$50,000.

## **AWARDS AND ACKNOWLEDGEMENT**

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Windham for its comprehensive annual financial report (CAFR) for the year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state or local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, we would like to acknowledge the achievements of our Water Authority, which was recently awarded the first prize in the prestigious "Best Drinking Water for Excellence in Taste" from the Atlantic States Rural Water Annual CT Conference.

The presentation of this report would not have been possible without the efforts of the Unified Finance Department staff and particularly Rita Parciak, Thanh Tra Phan, Jim Day, Aga Gonzalez and Kathy O'Neil. I would like to express my sincerest appreciation to all members of the department who contributed to the preparation of this report and assisted me with the transition to MUNIS financials and payroll over the past several years. This will leave the Town and BOE a lasting legacy.

The Town's new CAFR cover is entitled "Willimantic Thread Factory" painted by the famous 19th century American landscape artist Julian Alden Weir (the second to last of a family of 19 children from Greenwich, CT) which depicts the town and its Mill #2 of the Willimantic Linen Company, also known as American Thread and now Windham Mills. St. Joseph's Church steeple was still the highest structure in Town, higher than the black factory smokestack, but the Mill like a medieval castle dominates its rural Connecticut landscape.

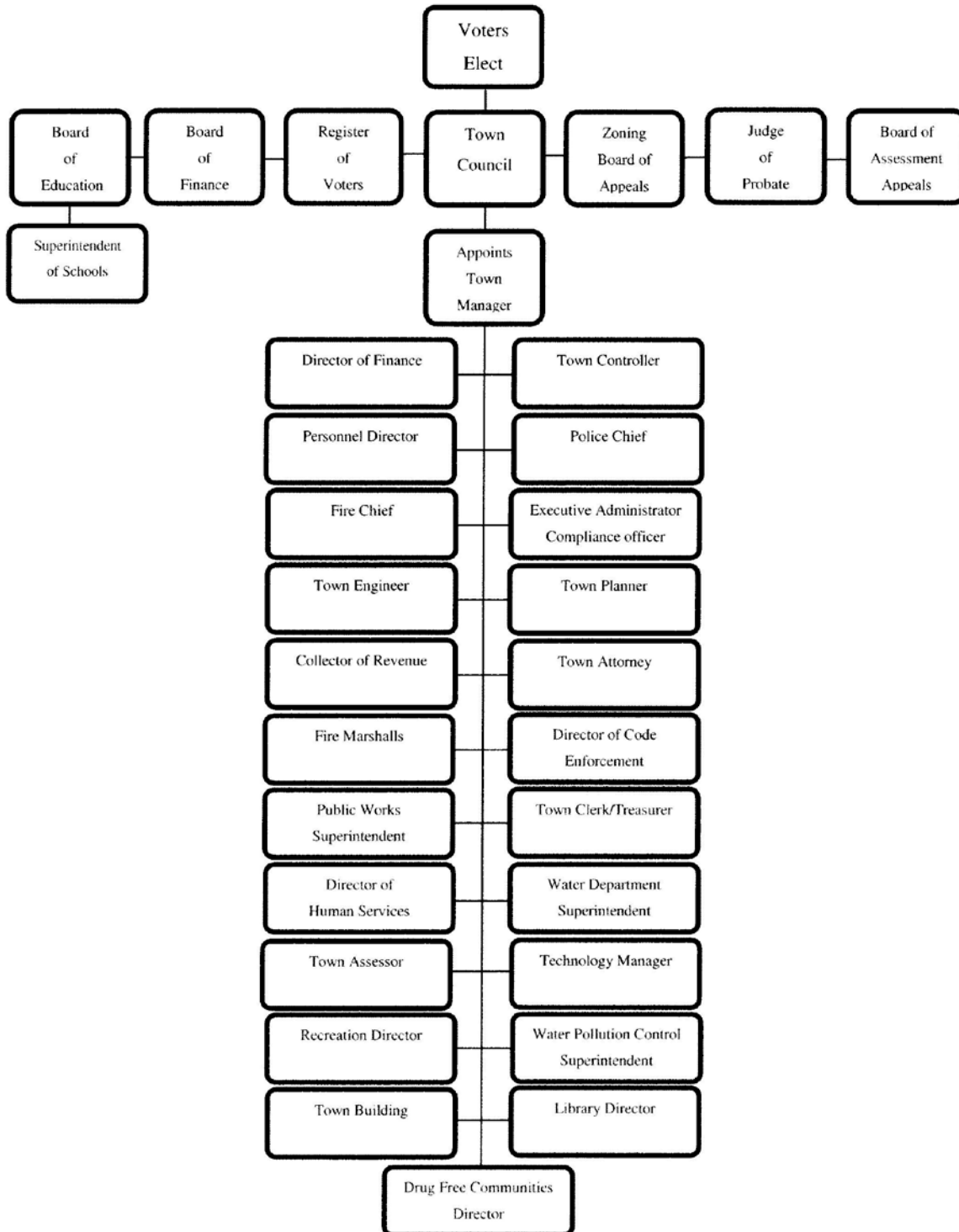
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Christian Johnson". The signature is fluid and cursive, with a large initial "C" and a long, sweeping tail.

Christian Johnson  
Director of Finance

# Town of Windham

## Organizational Chart





**Principal Municipal Officials**  
As of June 30, 2018

<b><u>Office</u></b>	<b><u>Name</u></b>	<b><u>Manner of Selection/Term</u></b>	<b><u>Date of Hire/ Election Appointment</u></b>
Town Manager .....	Jim Rivers	Appointed/Indefinite	6/17
Town Council, Mayor .....	Victor Funderbyrk	Elected/4 years	11/17
Town Councilor .....	Dennis O'Brien	Elected/4 years	11/17
Town Councilor .....	Dawn Niles	Elected/4 years	11/17
Town Councilor .....	Ernie Eldridge	Elected/4 years	11/17
Town Councilor .....	Dagmar Noll	Elected/4 years	11/17
Town Councilor .....	Rose Reyes	Elected/4 years	11/17
Town Councilor .....	Charles Krich	Elected/4 years	11/19
Town Councilor .....	Nectalis Martinez	Elected/4 years	11/19
Town Councilor .....	Randall Prose	Elected/4 years	11/15
Town Councilor .....	Tony Fantoli	Elected/4 years	11/15
Town Councilor .....	Thomas DeVivo	Elected/4 years	11/15
Town Clerk/Treasurer .....	Patricia Spruance	Appointed/Indefinite	10/07
Director of Finance .....	Christian Johnson	Appointed/Indefinite	09/13
Town Controller .....	Thanh Tra Phan	Appointed/Indefinite	03/16
Risk Manager .....	Neida Rosado	Appointed/Indefinite	07/12
Collector of Revenue.....	Gay A. St. Louis	Appointed/Indefinite	04/07
Town Assessor.....	Chandler Rose	Appointed/Indefinite	07/15
Superintendent of Schools .....	Patricia Garcia	Appointed/Indefinite	06/14

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Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

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**Financial Section**

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## Independent Auditor's Report

To the Board of Finance  
Town of Windham, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Windham, Connecticut (the Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windham, Connecticut as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter—Adoption of Standards**

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which resulted in the Town restating net position for recognition of the Town's OPEB related activity incurred prior to July 1, 2017. 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 Discussion and Analysis, budgetary comparison information and the pension and OPEB related schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary and Other Information**

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2019 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*RSM US LLP*

New Haven, Connecticut  
February 22, 2019



**Town of Windham, Connecticut  
Management's Discussion and Analysis (Unaudited)  
June 30, 2018**

The management of the Town of Windham, Connecticut (the Town), offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018.

**Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities at the close of the most recent fiscal year by \$79,173,516 (net position). Of this amount, \$(7,173,714) is an unrestricted net position (deficit). Of this amount, \$10,715,071 represents unrestricted net position attributed to the operations of the Town's water and sewer systems (business-type activities). The net unrestricted deficit of the Town's governmental activities was (\$17,888,785).
- The Town's changes in net position for the year ended June 30, 2018, amounted to (\$7,191,051) which consisted of a decrease of (\$6,330,720) relating to the Town's governmental activities combined with a decrease of (\$860,331) relating to the Town's business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances (deficits) of (\$9,364,973), a decrease of (\$7,786,070) in comparison with the prior year. Of this amount (\$12,878,333) of governmental ending fund balances (deficits) was unassigned fund deficit. At the end of the close of the current fiscal year, unassigned fund balance for the General Fund was \$6,332,539 or 7.5% of total General Fund GAAP expenditures and operating transfers out.
- The Town's total long-term debt, consisting of bonds payable, notes payable and capital leases payable, decreased by \$3,123,811.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad over view 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 deferred outflows of resources and liabilities and deferred inflows of resources with the difference 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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

human services, civic and cultural, education, planning and development, police, and fire. The business-type activities of the Town include sewer and water activities.

The government-wide financial statements can be found on pages 11-12 of this report.

### **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 a number of individual governmental funds for reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Educational Grants Fund and the Capital Improvement Fund, which are considered to be major funds. Data from the other remaining 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 basic governmental fund financial statements can be found on pages 13-14 of this report.

**Proprietary funds:** The Town maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water operations. The second type is an Internal Service 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 risk management activities.

The Town maintains 2 individual enterprise funds and 2 internal service funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is presented separately in the proprietary fund financial statements for the Sewer Fund and the Water Fund, both of which are considered to be major funds and the Internal Service Fund, which is considered a nonmajor fund.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

**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 the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

## Notes to the Financial Statements

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

**Other information:** In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual and non-major fund statements and schedules.

## Government-Wide Financial Analysis

### Net Position

The analysis below focuses on the net position and changes in net position of the Town's governmental and business-type activities.

**Town of Windham, Connecticut**  
**Summary Statement of Net Position**

	June 30, 2018			June 30, 2017		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities*	Business-type Activities	Total
Current and other assets	\$ 20,090,145	\$ 11,223,163	\$ 31,313,308	\$ 21,025,377	\$ 12,295,932	\$ 33,321,309
Capital assets	93,186,537	34,154,431	127,340,968	89,861,206	34,968,017	124,829,223
<b>Total assets</b>	<b>113,276,682</b>	<b>45,377,594</b>	<b>158,654,276</b>	<b>110,886,583</b>	<b>47,263,949</b>	<b>158,150,532</b>
<b>Deferred outflows</b>	<b>5,116,162</b>	<b>-</b>	<b>5,116,162</b>	<b>2,344,295</b>	<b>-</b>	<b>2,344,295</b>
Long-term liabilities	46,348,176	11,636,637	57,984,813	44,166,054	12,607,421	56,773,475
Other liabilities	23,889,763	223,187	24,112,950	14,582,376	278,427	14,860,803
<b>Total liabilities</b>	<b>70,237,939</b>	<b>11,859,824</b>	<b>82,097,763</b>	<b>58,748,430</b>	<b>12,885,848</b>	<b>71,634,278</b>
<b>Deferred inflows</b>	<b>2,499,159</b>	<b>-</b>	<b>2,499,159</b>	<b>2,495,982</b>	<b>-</b>	<b>2,495,982</b>
Net Investment in capital assets	61,092,643	22,802,699	83,895,342	64,730,137	22,742,536	87,472,673
Restricted	2,451,888	-	2,451,888	958,094	-	958,094
Unrestricted	(17,888,785)	10,715,071	(7,173,714)	(13,701,765)	11,635,565	(2,066,200)
<b>Total Net Position</b>	<b>\$ 45,655,746</b>	<b>\$ 33,517,770</b>	<b>\$ 79,173,516</b>	<b>\$ 51,986,466</b>	<b>\$ 34,378,101</b>	<b>\$ 86,364,567</b>

\* As restated for GASB No. 75

The Town's government-wide net position of \$79.2 million represents a decrease of \$7.2 million over last year's net position of \$86.4 million. The Town had an overall decrease from operations in the Town's governmental activities. Unrestricted net position (deficit), the part of net position that can be used to finance day-to-day operations without restraints established by debt covenants, enabling legislation or other legal requirements, is (\$7.2) million at the end of this year compared with (\$2.1) million at the end of last year. Government activities unrestricted net position (deficit) increased \$4.2 million. Unrestricted net position of the Town's business-type activities decreased \$0.9 million in 2018.

Town of Windham, Connecticut  
Summary of Change in Net Position

	Year Ended June 30, 2018			Year Ended June 30, 2017		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charge for services	\$ 3,539,219	\$ 5,239,370	\$ 8,778,589	\$ 3,993,927	\$ 4,776,234	\$ 8,770,161
Operating grants and contributions	52,974,080	-	52,974,080	53,067,087	-	53,067,087
Capital grants and contributions	703,829	-	703,829	3,715,650	-	3,715,650
General revenues:						
Property taxes	37,904,086	-	37,904,086	36,730,390	-	36,730,390
Grants, contributions not restricted	5,996,643	-	5,996,643	6,742,026	117,635	6,859,661
Unrestricted investment earnings	96,375	98,138	194,513	57,304	(136,922)	(79,618)
<b>Total revenues</b>	<b>101,214,232</b>	<b>5,337,508</b>	<b>106,551,740</b>	<b>104,306,384</b>	<b>4,756,947</b>	<b>109,063,331</b>
<b>Expenses:</b>						
<b>Program activities</b>						
<b>Primary government:</b>						
General government	3,540,155	-	3,540,155	3,735,769	-	3,735,769
Public safety	14,691,248	-	14,691,248	12,446,873	-	12,446,873
Public works	5,687,301	-	5,687,301	5,925,898	-	5,925,898
Human services	888,950	-	888,950	884,345	-	884,345
Civic and cultural	1,820,032	-	1,820,032	2,239,032	-	2,239,032
Education	79,985,681	-	79,985,681	79,196,154	-	79,196,154
Planning and development	647,647	-	647,647	611,274	-	611,274
Interest on long-term debt	483,938	-	483,938	710,580	-	710,580
<b>Business-type activities:</b>						
Water	-	2,404,579	2,404,579	-	2,332,600	2,332,600
Sewer	-	3,593,260	3,593,260	-	3,695,095	3,695,095
<b>Total expenses</b>	<b>107,744,952</b>	<b>5,997,839</b>	<b>113,742,791</b>	<b>105,749,925</b>	<b>6,027,695</b>	<b>111,777,620</b>
<b>Increase (decrease) in net position before transfers</b>	<b>(6,530,720)</b>	<b>(660,331)</b>	<b>(7,191,051)</b>	<b>(1,443,541)</b>	<b>(1,270,748)</b>	<b>(2,714,289)</b>
<b>Transfers</b>	<b>200,000</b>	<b>(200,000)</b>	<b>-</b>	<b>184,000</b>	<b>(184,000)</b>	<b>-</b>
<b>Change in net position</b>	<b>(6,330,720)</b>	<b>(860,331)</b>	<b>(7,191,051)</b>	<b>(1,259,541)</b>	<b>(1,454,748)</b>	<b>(2,714,289)</b>
<b>Net Position - Beginning</b>	<b>51,986,466</b>	<b>34,378,101</b>	<b>86,364,567</b>	<b>56,419,991</b>	<b>35,832,849</b>	<b>92,252,840</b>
<b>Restatement GASB No.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,173,984)</b>	<b>-</b>	<b>(3,173,984)</b>
<b>Net Position - Ending</b>	<b>\$ 45,655,746</b>	<b>\$ 33,517,770</b>	<b>\$ 79,173,516</b>	<b>\$ 51,986,466</b>	<b>\$ 34,378,101</b>	<b>\$ 86,364,567</b>

The Town's governmental activities and business-type activities total revenue in 2018 of \$106.6 million represents a decrease of \$2.5 million over last year. Capital grants and contributions decreased by \$3.0 million. Operating grants and contributions decreased by \$93 thousand due to less grants for various purposes.

The Town's total program expenses of \$113.7 million represents an increase of \$2.0 million over last year. The increase in Public Safety is related to increased OPEB expense.

The Town's overall net position decreased by \$7.2 million from operations.

## **Financial Analysis of the Town's Funds**

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

### **Enterprise Funds**

The Water Fund had an increase in net position of \$76,372, which was consistent with the prior year.

The Sewer Fund had a decrease in net position of \$936,703, mainly due to increased operating costs.

### **Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of (\$9,364,973) a decrease of (\$7,786,070) in comparison with the prior year. Of this amount (\$12,878,333) of governmental ending fund balances are unassigned fund balances. The remainder of fund balance is assigned, committed, restricted or nonspendable, to indicate that it is not available for new spending because it has already been committed for specific purposes.

### **General Fund**

The General Fund is the chief operating fund of the Town and is accounted for separately for the Town and Willimantic Taxing District. The Town of Windham, Connecticut and City of Willimantic, Connecticut were consolidated by ordinance adopted December 15, 1982 under the name "Town of Windham, Connecticut" and came into political existence on July 1, 1983. The former City of Willimantic is now known as the Willimantic Taxing District (the WTD). At the end of the current fiscal year, unassigned fund balance of the Town General Fund was \$4,805,475 while the unassigned fund balance of the WTD General Fund was \$1,482,757.

The fund balance of the combined General Fund on a GAAP basis decreased by (\$2,383,953) during the current fiscal year, mainly due to less intergovernmental revenue than budgeted.

### **Educational Grants Fund**

There was no change in net position of the Educational Grants Fund as revenue under cost reimbursement grants and contracts equaled grant and contract expenditures. Total revenue and expenditures for the year were \$13,479,000 as compared to \$14,386,108 in the prior year.

### **Capital Improvement Fund**

The Capital Improvement Fund has expenditures of \$6,315,242 in the current year as compared to \$6,204,200 in the prior year.

### **General Fund Budgetary Highlights**

During the year, revenues were less than budget and expenses were less than planned budgetary expenses for a total Town negative variance of (\$1,044,718).

## Capital Asset and Debt Administration

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totaled \$127,340,968 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The net increase in the Town's investment in capital assets for the current fiscal year was \$2,511,745 or a 2.0% increase. The majority of the increase relates to capital costs incurred in connection with the improvements to the middle school roof replacement, the micro-grid and street and sidewalk improvements.

The following table is a two-year comparison of the investment in capital assets presented for both governmental and business-type activities:

**Town of Windham, Connecticut**  
**Capital Assets, Net of Depreciation**  
**June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and Improvements	\$ 5,471,725	\$ 3,547,959	\$ 99,330	\$ 99,330	\$ 5,571,055	\$ 3,647,289
Construction in Progress	7,625,673	10,563,436	-	-	7,625,673	10,563,436
Buildings and Improvements	64,006,071	60,320,902	15,058,735	15,322,020	79,064,806	75,642,922
Machinery and Equipment	5,362,200	3,537,473	8,854,259	9,389,184	14,216,459	12,926,657
Infrastructure	10,720,868	11,891,436	10,142,107	10,157,483	20,862,975	22,048,919
<b>Total</b>	<b>\$ 93,186,537</b>	<b>\$ 89,861,206</b>	<b>\$ 34,154,431</b>	<b>\$ 34,968,017</b>	<b>\$ 127,340,968</b>	<b>\$ 124,829,223</b>

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

**Long-Term Debt.** At the end of the current fiscal year, the Town Governmental Activities had total long-term bonded debt outstanding of \$12,911,100. This entire amount is comprised of debt backed by the full faith and credit of the Town.

The Town's total governmental activities long-term obligations decreased by \$2,185,900 during the current fiscal year. The Enterprise Fund's long-term obligations decreased by \$937,911 for debt amortization.

State statutes limit the amount of general obligation debt the Town may issue to approximately seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

The following table is a two-year comparison of long-term debt including bonds and notes payable and capital leases payable presented for both governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds Payable	\$ 12,911,100	\$ 15,097,000	\$ 498,900	\$ 568,000	\$ 13,410,000	\$ 15,665,000
Notes Payable	-	-	10,788,670	11,657,481	10,788,670	11,657,481
	<b>\$ 12,911,100</b>	<b>\$ 15,097,000</b>	<b>\$ 11,287,570</b>	<b>\$ 12,225,481</b>	<b>\$ 24,198,670</b>	<b>\$ 27,322,481</b>

Additional information on the Town's long-term debt can be found in Note 6 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in fiscal year 2019 and thereafter.
- Inflationary trends in the region approximate the national indices.
- As a whole, the Town continues to aggressively pursue economic development activities to help spread the tax burden among commercial and residential taxpayers.
- The Town used a hard zero increase approach in developing the 2019 Budget due to the uncertainty of the State's budget.
- Because the Town of Windham BOE is designated an Alliance District by the State of Connecticut Department of Education, its Educational Cost Sharing (ECS) Grant and Alliance Grant funding are offered added protection from both State and Town cuts.

All of these factors were considered in preparing the Town's budget for fiscal year 2019.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Department of Finance, 322 Prospect Street, Willimantic, CT 06226.

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## **Basic Financial Statements**

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**Town of Windham, Connecticut**

**Statement of Net Position  
June 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 5,643,749	\$ 1,513,889	\$ 7,157,638
Investments	731,128	10,524,780	11,255,908
Receivables, net of allowances for collection losses:			
Property taxes	1,018,379	-	1,018,379
Grants and contracts	6,837,607	-	6,837,607
Accounts receivable	3,042,812	1,025,617	4,068,429
Notes receivable	59,372	-	59,372
Internal balances	2,183,077	(2,183,077)	-
Inventories	144,542	341,954	486,496
Restricted cash	348,561	-	348,561
Due from fiduciary funds	80,918	-	80,918
Capital assets:			
Non-depreciable	13,097,398	99,330	13,196,728
Depreciable, net	80,089,139	34,055,101	114,144,240
<b>Total assets</b>	<b>113,276,682</b>	<b>45,377,594</b>	<b>158,654,276</b>
Deferred outflows of resources:			
Deferred charge on refunding	95,653	-	95,653
Deferred pension items	5,020,509	-	5,020,509
<b>Total deferred outflows of resources</b>	<b>5,116,162</b>	<b>-</b>	<b>5,116,162</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	7,843,410	223,187	8,066,597
Bond anticipation notes payable	15,500,000	-	15,500,000
Unearned revenues	546,353	-	546,353
Noncurrent liabilities:			
Due within one year	3,892,630	972,761	4,865,391
Due in more than one year	42,455,546	10,663,876	53,119,422
<b>Total liabilities</b>	<b>70,237,939</b>	<b>11,859,824</b>	<b>82,097,763</b>
Deferred inflows of resources:			
Deferred pension items	1,946,984	-	1,946,984
Deferred OPEB items	552,175	-	552,175
<b>Total deferred inflows of resources</b>	<b>2,499,159</b>	<b>-</b>	<b>2,499,159</b>
Net position:			
Net investment in capital assets	61,092,643	22,802,699	83,895,342
Restricted for:			
Grant program purposes	1,958,785	-	1,958,785
Debt repayment	348,561	-	348,561
Other purposes	144,542	-	144,542
Unrestricted (deficit)	(17,888,785)	10,715,071	(7,173,714)
<b>Total net position</b>	<b>\$ 45,655,746</b>	<b>\$ 33,517,770</b>	<b>\$ 79,173,516</b>

See notes to financial statements.

**Town of Windham, Connecticut**

**Statement of Activities**

**For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (3,540,155)	\$ 646,229	\$ 86,695	\$ -	\$ (2,807,231)	\$ -	\$ (2,807,231)
Public safety	(14,691,248)	1,651,583	318,160	-	(12,721,505)	-	(12,721,505)
Public works	(5,687,301)	344,328	269,082	292,510	(4,781,381)	-	(4,781,381)
Human services	(888,950)	-	300,256	-	(588,694)	-	(588,694)
Civic and cultural	(1,820,032)	149,816	9,996	-	(1,660,220)	-	(1,660,220)
Planning and development	(647,647)	-	-	-	(647,647)	-	(647,647)
Education	(79,985,681)	747,263	51,989,891	411,319	(26,837,208)	-	(26,837,208)
Interest and other charges	(483,938)	-	-	-	(483,938)	-	(483,938)
<b>Total governmental activities</b>	<b>(107,744,952)</b>	<b>3,539,219</b>	<b>52,974,080</b>	<b>703,829</b>	<b>(50,527,824)</b>	<b>-</b>	<b>(50,527,824)</b>
Business-type activities:							
Water	(2,404,579)	2,530,436	-	-	-	125,857	125,857
Sewer	(3,593,260)	2,708,934	-	-	-	(884,326)	(884,326)
<b>Total business-type activities</b>	<b>(5,997,839)</b>	<b>5,239,370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(758,469)</b>	<b>(758,469)</b>
<b>Total primary government</b>	<b>\$ (113,742,791)</b>	<b>\$ 8,778,589</b>	<b>\$ 52,974,080</b>	<b>\$ 703,829</b>	<b>(50,527,824)</b>	<b>(758,469)</b>	<b>(51,286,293)</b>
General revenues:							
Property taxes, levied for general purposes					37,904,086	-	37,904,086
Grants and contributions not restricted to specific programs					5,996,643	-	5,996,643
Unrestricted investment income (loss)					96,375	98,138	194,513
Transfers					200,000	(200,000)	-
Total general revenues and transfers					44,197,104	(101,862)	44,095,242
Change in net position					(6,330,720)	(860,331)	(7,191,051)
Net position - beginning of year, as restated note 1					51,986,466	34,378,101	86,364,567
Net position - end of year					\$ 45,655,746	\$ 33,517,770	\$ 79,173,516

See notes to financial statements.

# Town of Windham, Connecticut

## Balance Sheet - Governmental Funds June 30, 2018

	Major Funds			Other	Total
	General	Educational	Capital	Non-Major	Governmental
	Fund	Grants	Improvement	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,195,922	\$ 455,923	\$ -	\$ 1,877,816	\$ 4,529,661
Investments	-	-	-	731,128	731,128
Receivables, net of allowance for collection losses:					
Property taxes	1,018,379	-	-	-	1,018,379
Grants and contracts	-	30,100	6,232,966	574,541	6,837,607
Accounts receivable	2,755,808	-	-	287,004	3,042,812
Notes receivable	-	-	-	59,372	59,372
Due from other funds	5,057,730	-	-	-	5,057,730
Restricted cash	348,561	-	-	-	348,561
Inventories	125,772	-	-	18,770	144,542
<b>Total assets</b>	<b>\$ 11,502,172</b>	<b>\$ 486,023</b>	<b>\$ 6,232,966</b>	<b>\$ 3,548,631</b>	<b>\$ 21,769,792</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 3,490,995	\$ 473,683	\$ 830,329	\$ 207,169	\$ 5,002,176
Bond anticipation note payable	-	-	15,500,000	-	15,500,000
Due to other funds	-	-	2,665,301	128,434	2,793,735
Due to funding source	-	-	-	-	-
Unearned revenue	-	12,340	-	534,013	546,353
<b>Total liabilities</b>	<b>3,490,995</b>	<b>486,023</b>	<b>18,995,630</b>	<b>869,616</b>	<b>23,842,264</b>
Deferred inflows of resources:					
Unavailable resources	914,103	-	6,208,614	169,784	7,292,501
<b>Total deferred inflows of resources</b>	<b>914,103</b>	<b>-</b>	<b>6,208,614</b>	<b>169,784</b>	<b>7,292,501</b>
Fund balances (deficits):					
Nonspendable	125,772	-	-	317,666	443,438
Restricted	638,763	-	-	2,431,159	3,069,922
Unassigned (deficit)	6,332,539	-	(18,971,278)	(239,594)	(12,878,333)
<b>Total fund balances (deficit)</b>	<b>7,097,074</b>	<b>-</b>	<b>(18,971,278)</b>	<b>2,509,231</b>	<b>(9,364,973)</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 11,502,172</b>	<b>\$ 486,023</b>	<b>\$ 6,232,966</b>	<b>\$ 3,548,631</b>	

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

Capital assets purchased by governmental funds are reported as expenditures, however, the statement of net position includes those capital assets among the assets of the Town as a whole.	93,186,537
Unavailable revenues are not available to pay for current-period expenditures and therefore are not recognized as revenues in the funds.	7,292,501
Deferred charge on refunding - not reported under modified accrual and therefore not reported in the funds	95,653
Deferred pension expense - not reported under modified accrual and therefore not reported in the funds	5,020,509
Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net positions.	(1,602,404)
Deferred pension/OPEB items - not reported under modified accrual and therefore not reported in the funds	(2,499,159)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(46,348,176)
Accrued interest payable	(124,742)

Net position of governmental activities

**\$ 45,655,746**

See notes to financial statements.

**Town of Windham, Connecticut**

**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)**

**Governmental Funds**

**For the Year Ended June 30, 2018**

	Major Funds			Other	Total
	General	Educational	Capital	Non-Major	Total
	Fund	Grants	Improvement	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
Revenues:					
Property taxes	\$ 38,071,658	\$ -	\$ -	\$ -	\$ 38,071,658
Intergovernmental	40,637,599	13,479,000	411,319	5,372,553	59,900,471
Charges for services	1,998,963	-	-	332,010	2,330,973
Licenses and permits	330,220	-	-	-	330,220
Fines, forfeitures, and penalties	171,190	-	-	-	171,190
Investment income	30,362	-	-	64,579	94,941
Miscellaneous	108,787	-	-	329,745	438,532
Donations and contributions	-	-	-	423,304	423,304
<b>Total revenues</b>	<b>81,348,779</b>	<b>13,479,000</b>	<b>411,319</b>	<b>6,522,191</b>	<b>101,761,289</b>
Expenditures:					
Current:					
General government	2,329,545	-	-	53,978	2,383,523
Public safety	1,661,221	-	-	325,188	1,986,409
Public works	3,813,407	-	79,398	282,061	4,174,866
Human services	697,652	-	-	-	697,652
Civic and cultural	999,852	-	-	202,422	1,202,274
Planning and development	376,550	-	-	-	376,550
Education	57,224,238	13,479,000	-	5,682,792	76,386,030
Debt issuance costs	-	-	-	55,148	55,148
Other	2,897,092	-	-	-	2,897,092
Police	6,778,706	-	-	-	6,778,706
Fire	3,597,589	-	-	-	3,597,589
Miscellaneous	2,000	-	-	-	2,000
Debt service:					
Principal retirements	2,185,900	-	-	-	2,185,900
Interest and other charges	443,033	-	-	197,850	640,883
Capital outlay	-	-	6,235,844	297,453	6,533,297
<b>Total expenditures</b>	<b>83,006,785</b>	<b>13,479,000</b>	<b>6,315,242</b>	<b>7,096,892</b>	<b>109,897,919</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,658,006)</b>	<b>-</b>	<b>(5,903,923)</b>	<b>(574,701)</b>	<b>(8,136,630)</b>
Other financing sources (uses):					
Bond premium	-	-	-	150,560	150,560
Transfers in	200,000	-	-	925,947	1,125,947
Transfers out	(925,947)	-	-	-	(925,947)
<b>Total other financing sources (uses)</b>	<b>(725,947)</b>	<b>-</b>	<b>-</b>	<b>1,076,507</b>	<b>350,560</b>
<b>Net change in fund balances (deficits)</b>	<b>(2,383,953)</b>	<b>-</b>	<b>(5,903,923)</b>	<b>501,806</b>	<b>(7,786,070)</b>
Fund balances (deficits), beginning	9,481,027	-	(13,067,355)	2,007,425	(1,578,903)
Fund balances (deficits), ending	\$ 7,097,074	\$ -	\$ (18,971,278)	\$ 2,509,231	\$ (9,364,973)

See notes to financial statements.

**Town of Windham, Connecticut**

**Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficits) of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2018**

Reconciliation of the statement of revenues, expenditures and changes in fund balances (deficits) -  
governmental funds to the statement of activities:

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

Net change in fund balances (deficits) – total governmental funds	\$ (7,786,070)
---	----------------

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

Capital outlay	\$ 8,036,140	
Loss on disposal	(15,855)	
Depreciation expense	<u>(4,694,954)</u>	3,325,331

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes and interest collected after 60 days	(167,572)	
Loans receivable	44,089	
Other receivables	(118,871)	
Intergovernmental revenue on magnet school construction	<u>(306,137)</u>	(548,491)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Positions. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on bonds	2,185,900	
Amortization of bond premium	63,862	
Amortization of deferred charges	(11,957)	2,237,805

Internal service funds are used by management to charge costs of certain benefits to individual departments. The net loss of the Internal service fund is reported with governmental activities.

(1,917,686)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	9,628	
Change in landfill closure liability	7,000	
Change in long-term compensated absences	(694,607)	
Change in net pension liability	(3,386,002)	
Change in deferred outflows -pension and OPEB items	2,783,824	
Change in deferred inflows - pension and OPEB items	(3,177)	
Change in total OPEB liability	<u>(358,275)</u>	(1,641,609)

**Change in net position of governmental activities**

**\$ (6,330,720)**

See notes to financial statements.

**Town of Windham, Connecticut**

**Statement of Net Position - Proprietary Funds  
June 30, 2018**

	Business-Type Activities - Enterprise Funds			Governmental
	Water Fund	Sewer Fund	Total	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 1,513,889	\$ 1,513,889	\$ 1,114,088
Accounts receivable, net	596,799	428,818	1,025,617	-
Inventories	341,954	-	341,954	-
Other current asset	-	-	-	-
<b>Total current assets</b>	<b>938,753</b>	<b>1,942,707</b>	<b>2,881,460</b>	<b>1,114,088</b>
Noncurrent assets:				
Investments	2,755,675	7,769,105	10,524,780	-
Capital assets:				
Non-depreciable	69,850	29,480	99,330	-
Depreciable, net	11,185,655	22,869,446	34,055,101	-
<b>Total noncurrent assets</b>	<b>14,011,180</b>	<b>30,668,031</b>	<b>44,679,211</b>	<b>-</b>
<b>Total assets</b>	<b>14,949,933</b>	<b>32,610,738</b>	<b>47,560,671</b>	<b>1,114,088</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	36,794	60,463	97,257	464,747
Claims payable	-	-	-	2,110,168
Accrued liabilities:				
Accrued interest	5,640	18,088	23,728	-
Other	82,702	19,500	102,202	141,577
Due to other funds	-	2,183,077	2,183,077	-
Bonds and notes payable - current	67,700	805,344	873,044	-
Compensated absences - current	38,146	61,571	99,717	-
<b>Total current liabilities</b>	<b>230,982</b>	<b>3,148,043</b>	<b>3,379,025</b>	<b>2,716,492</b>
Noncurrent liabilities:				
Bonds and notes payable	431,200	10,047,488	10,478,688	-
Compensated absences	70,843	114,345	185,188	-
<b>Total noncurrent liabilities</b>	<b>502,043</b>	<b>10,161,833</b>	<b>10,663,876</b>	<b>-</b>
<b>Total liabilities</b>	<b>733,025</b>	<b>13,309,876</b>	<b>14,042,901</b>	<b>2,716,492</b>
Net position (deficit):				
Net investment in capital assets	10,756,605	12,046,094	22,802,699	-
Unrestricted (deficit)	3,460,303	7,254,768	10,715,071	(1,602,404)
<b>Total net position (deficit)</b>	<b>\$ 14,216,908</b>	<b>\$ 19,300,862</b>	<b>\$ 33,517,770</b>	<b>\$ (1,602,404)</b>

See notes to financial statements.



Town of Windham, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit) - Proprietary Funds  
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Total	Internal Service Funds
Operating revenues:				
Charges for services and premiums	\$ 2,530,436	\$ 2,708,934	\$ 5,239,370	\$ 11,307,226
Other	-	-	-	-
<b>Total operating revenues</b>	<b>2,530,436</b>	<b>2,708,934</b>	<b>5,239,370</b>	<b>11,307,226</b>
Operating expenses:				
Personnel services	1,360,979	1,238,939	2,599,918	-
Outside services	72,221	422,654	494,875	-
Depreciation	448,990	1,197,352	1,646,342	-
Fuel and utilities	215,214	224,278	439,492	-
Administration	76,375	70,201	146,576	1,149,229
Repairs, maintenance and supplies	217,054	215,734	432,788	-
Other	-	846	846	-
Claims incurred	-	-	-	12,077,117
<b>Total operating expenses</b>	<b>2,390,833</b>	<b>3,370,004</b>	<b>5,760,837</b>	<b>13,226,346</b>
<b>Operating income (loss)</b>	<b>139,603</b>	<b>(661,070)</b>	<b>(521,467)</b>	<b>(1,919,120)</b>
Nonoperating revenues (expenses):				
Interest income (loss)	50,515	47,623	98,138	1,434
Interest expense	(13,746)	(223,256)	(237,002)	-
<b>Total non-operating revenues (expenses)</b>	<b>36,769</b>	<b>(175,633)</b>	<b>(138,864)</b>	<b>1,434</b>
<b>Net income (loss) before transfers</b>	<b>176,372</b>	<b>(836,703)</b>	<b>(660,331)</b>	<b>(1,917,686)</b>
Transfers out	(100,000)	(100,000)	(200,000)	-
<b>Change in net position</b>	<b>76,372</b>	<b>(936,703)</b>	<b>(860,331)</b>	<b>(1,917,686)</b>
Net position - beginning	14,140,536	20,237,565	34,378,101	315,282
Net position (deficit) - ending	\$ 14,216,908	\$ 19,300,862	\$ 33,517,770	\$ (1,602,404)

See notes to financial statement.

# Town of Windham, Connecticut

## Statement of Cash Flows - Proprietary Funds For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			Internal Service Funds
	Water Fund	Sewer Fund	Total	
Cash flows from operating activities:				
Cash received for the following:				
Charges for services and premiums	\$ 2,532,076	\$ 2,707,294	\$ 5,239,370	\$ 11,315,226
Other income	-	-	-	-
	<u>2,532,076</u>	<u>2,707,294</u>	<u>5,239,370</u>	<u>11,315,226</u>
Cash paid for the following:				
Personnel services	(1,430,573)	(1,266,380)	(2,696,953)	-
Fuel and utilities	(215,214)	(224,278)	(439,492)	-
Outside services	(254,515)	(383,605)	(638,120)	-
Administration	(76,375)	(70,201)	(146,576)	(744,023)
Repairs, maintenance and supplies	(155,644)	(215,734)	(371,378)	-
Other	-	(846)	(846)	-
Claims paid	-	-	-	(11,502,986)
	<u>(2,132,321)</u>	<u>(2,161,044)</u>	<u>(4,293,365)</u>	<u>(12,247,009)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>399,755</u>	<u>546,250</u>	<u>946,005</u>	<u>(931,783)</u>
Cash flows from noncapital financing activities:				
Payment on due to other funds	-	(1,115,868)	(1,115,868)	-
Transfers from (to) other funds	(100,000)	(100,000)	(200,000)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(100,000)</u>	<u>(1,215,868)</u>	<u>(1,315,868)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(606,621)	(226,135)	(832,756)	-
Receipt on due to other funds	-	-	-	-
Principal paid on capital debt	(69,100)	(804,649)	(873,749)	-
Interest paid on capital debt	(14,318)	(224,597)	(238,915)	-
<b>Net cash used in capital and related financing activities</b>	<u>(690,039)</u>	<u>(1,255,381)</u>	<u>(1,945,420)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	-	-	-	-
Sale of investments	211,224	480,330	-	-
Interest and dividends	50,515	47,623	98,138	1,434
<b>Net cash (used in) provided by investing activities</b>	<u>261,739</u>	<u>527,953</u>	<u>789,692</u>	<u>1,434</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(128,545)</u>	<u>(1,397,046)</u>	<u>(1,525,591)</u>	<u>(930,349)</u>
Cash and cash equivalents, beginning of year	<u>128,545</u>	<u>2,910,935</u>	<u>3,039,480</u>	<u>2,044,437</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 1,513,889</u>	<u>\$ 1,513,889</u>	<u>\$ 1,114,088</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 139,603	\$ (661,070)	\$ (521,467)	\$ (1,919,120)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	448,990	1,197,352	1,646,342	-
(Increase) decrease in assets:				
Accounts receivable	1,640	(1,640)	-	-
Inventories	(28,508)	-	(28,508)	-
Other assets	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	(153,786)	28,649	(125,137)	413,206
Accrued liabilities and compensated absences	(8,184)	(17,041)	(25,225)	574,131
Due to other funds	-	-	-	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 399,755</u>	<u>\$ 546,250</u>	<u>\$ 946,005</u>	<u>\$ (931,783)</u>

See notes to financial statements.

**Town of Windham, Connecticut**

**Statement of Fiduciary Net Position - Fiduciary Funds**  
**June 30, 2018**

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 2,730,415	\$ 62,712	\$ 81,917
Investments, at fair value:			
Debt securities	5,822,534	-	-
Certificates of deposit	-	-	209,664
Corporate bonds	7,585,138	-	-
Mutual funds	-	10,846	-
Collective trusts	5,393,874	-	-
Equity securities	37,679,716	94,525	-
Other	-	25,632	-
Receivables	141,372	118	1,941
<b>Total assets</b>	<b>59,353,049</b>	<b>193,833</b>	<b>293,522</b>
<b>Liabilities</b>			
Accounts payable	67,630	2,000	1,941
Due to others	-	-	291,581
Due to other funds	80,918	-	-
<b>Total liabilities</b>	<b>148,548</b>	<b>2,000</b>	<b>293,522</b>
<b>Net position restricted for pension     benefits and other</b>	<b>\$ 59,204,501</b>	<b>\$ 191,833</b>	<b>\$ -</b>

See notes to financial statements.

**Town of Windham, Connecticut**

**Statement of Changes in Fiduciary Net Position -  
Fiduciary Funds**

**For the Year Ended June 30, 2018**

	Pension Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 3,078,098	\$ -
Plan members	504,012	-
Private donations and other	2,788	500
<b>Total contributions and other</b>	<b>3,584,898</b>	<b>500</b>
Investment income:		
Interest and dividends	1,467,900	2,644
Net appreciation (depreciation) in the fair value of investments	(897,895)	10,253
<b>Total investment earnings</b>	<b>570,005</b>	<b>12,897</b>
Less administrative and other expenses	122,688	3,450
<b>Net investment earnings</b>	<b>447,317</b>	<b>9,447</b>
<b>Total additions</b>	<b>4,032,215</b>	<b>9,947</b>
Deductions:		
Benefit payments	3,076,037	8,062
<b>Total deductions</b>	<b>3,076,037</b>	<b>8,062</b>
<b>Change in net position</b>	<b>956,178</b>	<b>1,885</b>
Net position - restricted for pension benefits and other, beginning	58,248,323	189,948
Net position - restricted for pension benefits and other, ending	<b>\$ 59,204,501</b>	<b>\$ 191,833</b>

See notes to financial statements.

## Town of Windham, Connecticut

### Notes to Financial Statements

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

The financial statements of the Town of Windham, 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.

Reporting entity: The Town of Windham, Connecticut, (the Town) was incorporated in 1692 after being settled in 1686 and adopted its original charter in 1947. The Town of Windham, Connecticut and City of Willimantic, Connecticut were consolidated by ordinance adopted December 15, 1982 under the name "Town of Windham, Connecticut" and came into political existence on July 1, 1983. The former City of Willimantic is now known as the Willimantic Taxing District (the WTD).

Effective November 17, 2009, as a result of a Town charter revision, the Town's form of government changed from an eleven member Board of Selectman which served as the Town's legislative body to an eleven member Town Council. Formerly, the First Selectman acted as the chief executive officer and this position has subsequently been replaced with a non-elected Town Manager and a "ceremonial" Mayor who serves as the Town Council Chair and acts as the ombudsman for the Town. The functions of the existing seven member Board of Finance remains substantially unchanged. The general objective of the charter revision is to provide stable, professional Town management which will help to ensure the efficient administration of Town government and to develop and implement strategic initiatives for the Town that are consistent with the goals set forth by the legislative body.

The legislative power of the Town is vested with the Town Council and Town Meeting. The Town Council may enact, amend or repeal ordinances and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by the Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

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

**Accounting standards adopted in the current year:** GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, was implemented on July 1, 2017. This statement revised and established new financial reporting requirements for most governments that provide their employees with postemployment benefits other than pensions. Among other requirements, Statement No. 75 required governments to report a liability on the face of the financial statements for the OPEB that they provide: 1) Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. 2) Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. 3) Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The Town has not accumulated assets in a trust to fund OPEB as such the total OPEB liability is recorded.

## Town of Windham, Connecticut

### Notes to Financial Statements

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

The effects of the implementation of this statement are as follows: The beginning net position was decreased by \$3,173,984, a total OPEB liability of \$16,452,825 was added, a net OPEB obligation of \$13,278,841 was removed.

**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. The effect of interfund activity has been removed from the statement of net position, except for the net residual amounts due between governmental and business-type activities. The interfund services provided and used are not eliminated from the statement of activities in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

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

The various funds included in the financial statements are described below:

**Governmental funds:** Governmental Funds are those through which most governmental functions typically are financed.

The **General fund** is the primary operating fund of the Town. This fund is used to account for and report all financial transactions and resources except those accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

**Special revenue funds** account for and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed for expenditure for specific activities other than debt service or capital projects.

**Capital project funds** account for and report all financial resources that are restricted, committed or assigned to expenditure for capital outlay, other than reported in proprietary funds.

**Permanent funds** are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

**Proprietary funds:** Proprietary funds are used to account for activities that are similar to those often found in the private sector. The following are the Town's proprietary funds:

**Enterprise funds:** account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Water and Sewer Funds are the Town's only enterprise funds.

**Internal service funds:** account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis. The Health Insurance Fund and Workers' Compensation Fund are the Town's internal service funds.

**Fiduciary funds:** Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and/or other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

The **Pension trust fund** accounts for the various defined benefit plans of the Town.

The **Private purpose trust fund** accounts for trust arrangements under which principal and income benefit individuals, private organizations, or other governments

**Agency funds** are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Student Activities Fund, Student Scholarship Fund and Performance Bonds Fund are the Town's agency funds.

**Measurement focus, basis of accounting and financial statement presentation:** The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, agency funds, unlike other fiduciary funds, report only assets and liabilities and do not have a measurement focus, and follow the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Intergovernmental grants and entitlements and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, landfill post-closure monitoring, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

The Town reports the following major governmental funds:

**General fund:** This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. It accounts for all activities in relation to the normal recurring operations of the Town's general government, including the Board of Education and the Willimantic Taxing District (the WTD). The Town and WTD are two separate "sub-funds" of the General Fund. Each sub-fund has its own legally adopted budget.

**Educational grants fund:** This fund is used to account for educational revenues and expenditures relating to federal and state educational grants.

**Capital Improvement fund:** This fund is used to account for revenues and expenditures relating to the capital improvement projects.

The Town reports the following major enterprise funds:

**Water fund:** This fund is used to account for expenses and revenues associated with the processing and distribution of water service to residents of the Town.

**Sewer fund:** This fund is used to account for expenses and revenues associated with the processing, treatment, and disposal of sewage within the Town.

In addition, the Town reports the following fund types:

**Internal service fund:** This fund type is used to account for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk management activities as permitted by GASB Statement No. 10.

**Pension trust funds:** These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: Firemen's Pension, Policemen's Pension, Municipal Employees', and the Board of Education Employees' Pension.

**Private purpose trust funds:** These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town utilizes these funds to account for activities of the Scholarship Trust Fund and the Walter Fahey Trust Fund.

**Agency funds:** These funds are used to account for resources held by the Town in a purely custodial capacity. The Town primarily utilizes an agency fund to account for assets of the student activities funds. The student activities funds account for monies generated by student activities in the Town's school system.

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

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



## Town of Windham, Connecticut

### Notes to Financial Statements

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

**Cash and cash equivalents:** Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased.

**Investments:** The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. These investments are reported at amortized cost. The Town also invests in certificates of deposit, which are also reported at amortized cost. Annuities are reported at contract value.

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

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

The three categories within the hierarchy are as follows:

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

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

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

**Property taxes:** The Town's property tax is levied each July, on the assessed value listed on the prior October 1 Grand List, for all taxable property located in the Town. Real estate taxes are due in two equal installments on July 1 and January 1 following the levy date and personal property taxes are due in one installment on July 1 following the levy date, although a 30-day grace period is provided. Motor vehicle taxes are due and payable July 1 and motor vehicle supplement taxes are due and payable January 1. Taxes become delinquent thirty days after the installment is due and liens are filed on balances that are delinquent for one year. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes of \$361,000 as of June 30, 2018.

**Prepaids:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## Town of Windham, Connecticut

### Notes to Financial Statements

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

**Inventories:** All inventories are valued at cost, which approximates market value or net realizable value using the first-in/first-out method. Inventories of governmental funds consist of expendable supplies which are recorded as expenditures when consumed rather than when purchased. Inventories of enterprise funds consist of materials and supplies which are expensed when consumed rather than when purchased.

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings and improvements	5-50
Machinery and equipment	3-25
Infrastructure	20-50
Services and improvements	20-50

In the governmental fund financial statements, capital assets are recorded as expenditure when purchased and no depreciation expense is reported.

**Compensated absences:** Employees are granted vacation and sick leave based upon length of employment. For Town employees, unused vacation can be accumulated from year to year up to certain limits. Sick days can also be accumulated up to certain limits. For Board of Education employees, vacation days do accumulate, as do sick days up to contractual limits.

Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due. The general fund is typically used to liquidate the liability.

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 and principal payments, are reported as debt service expenditures.

**Net pension liability:** The net pension liability and related deferred amounts are 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. The net pension liability and related deferred amounts are reported in the statement of net position. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources

**Fund equity:** The government-wide statement of net position presents the Town's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

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

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

**Unrestricted net position (deficits):** This category consists of net position, which does not meet the definition of the two preceding categories. Deficits will require future funding.

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

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

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

**Committed fund balance:** This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision-making authority (Town of Windham Town Council). Commitments may be established, modified, or rescinded only through resolutions approved by the Town Council as per the Town Charter.

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

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

The Town does not have a formal policy over the use of fund balance. In accordance with GASB Statement No. 54, the Town will use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

**Interfund 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 non-current 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".

Interfund services provided and used: Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

**Interfund transfers:** Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.

**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 deferred outflows related to pensions and OPEB in the government-wide statement of net position. A deferred outflow of resources related to pensions and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner.

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

The governmental funds report deferred inflows for unavailable revenues from property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period before the amounts become available, in accordance with the modified accrual basis of accounting.

#### Other post-employment obligations (OPEB) accounting:

**Total OPEB liability:** The total OPEB liability and related deferred amounts are measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability). The Town has not accumulated assets in trust that meet the criteria of GASB 74, therefore the total OPEB liability is recorded. The total OPEB 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. The total OPEB liability and related deferred amounts reported in the statement of net position. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources.

**Funding policy:** The Town makes annual contributions on a pay as you go basis.

#### Note 2. Reconciliation of Government-Wide and Fund Financial Statements

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

Bonds payable	\$ 12,911,100
Deferred premiums, net of amortization	282,817
Compensated absences	6,209,515
Landfill post-closure liability	70,000
Net pension liability	10,063,644
Total OPEB liability	<u>16,811,100</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 46,348,176</u>

## Town of Windham, Connecticut

### Notes to Financial Statements

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

**Deposits:** The Town and the Pension Trust funds do not have a custodial credit risk policy. However, as a practice, the Town and the Pension Trust fund follow State statutes. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

**Investments:** The Town and the Pension Trust Funds do not have a custodial credit risk policy for investments. 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 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. The Statutes (Sections 2-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund. Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries.

**Interest rate risk:** The Town, including its Pension Trust Funds, does not have a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations or pension payments, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

**Concentration of credit risk:** The Town, including its Pension Trust Funds, does not have a formal policy that limits the amounts invested in any one issuer. However, its practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

#### **Custodial credit risk:**

**Deposits:** This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2018, \$7.7 million of the entity's bank balance of \$10.1 million was uninsured and uncollateralized.

**Investments:** This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

## Town of Windham, Connecticut

### Notes to Financial Statements

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

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2018:

Cash and cash equivalents:		
Deposits with financial institutions	\$	10,381,243
<b>Total cash and cash equivalents</b>		<u>10,381,243</u>
Permanent funds:		
Cemetery Trust:		
Corporate bonds		59,985 *
U.S. Treasury securities		54,205 *
Common stock		140,245 *
Other		11,107 *
William A. & Jennie S. King Trust:		
Corporate bonds		83,612 *
U.S. Treasury securities		64,864 *
Common stock		294,194 *
Other		22,916 *
<b>Total permanent funds</b>		<u>731,128</u>
Enterprise funds:		
Sewer fund:		
U.S. Government agencies		7,627,201 *
Certificates of deposits		141,904
Water fund:		
Certificates of deposits		2,755,675
<b>Total enterprise funds</b>		<u>10,524,780</u>
Private purpose trust funds:		
Common stock		94,525 *
Money market mutual fund		326
Fixed income mutual funds		10,520
Other		25,632 *
<b>Total private purpose trust funds</b>		<u>131,003</u>
Scholarship funds:		
Certificates of deposits		<u>53,171</u>
Student activity funds:		
Certificates of deposits		<u>156,493</u>
Pension trust funds:		
Corporate bonds		7,585,138 *
U.S. Treasury securities		5,822,534 *
Collective trusts		5,393,874
Common stock		37,679,716 *
<b>Total pension trust funds</b>		<u>56,481,262</u>
<b>Total cash, cash equivalents and investments</b>	\$	<u>78,459,080</u>

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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

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

Statement of net position:

Cash and cash equivalents	\$ 7,506,199
Investments	11,255,908
	<u>18,762,107</u>

Fiduciary funds:

Cash and cash equivalents	2,875,044
Investments	56,821,929
	<u>59,696,973</u>

Total cash, cash equivalents and investments	<u><u>\$ 78,459,080</u></u>
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**Interest rate risk:** This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows.

As of June 30, 2018, investments consisted of the following:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt securities:					
Corporate bonds	\$ 7,728,735	\$ 558,893	\$ 6,086,082	\$ 1,083,760	\$ -
Fixed income mutual funds	10,520	10,520	-	-	-
U.S. Government agencies	7,627,201	-	1,412,113	4,392,220	1,822,868
U.S. Treasury securities	5,941,603	4,233,102	1,708,501	-	-
Totals	<u>\$ 21,308,059</u>	<u>\$ 4,802,515</u>	<u>\$ 9,206,696</u>	<u>\$ 5,475,980</u>	<u>\$ 1,822,868</u>

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



## Town of Windham, Connecticut

### Notes to Financial Statements

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

The Town's investments in debt securities were rated by Standard & Poor's as follows at June 30, 2018:

Debt Securities	Fair Value	A+	A	A-	AA+	AA	AA-
Corporate bonds	\$ 7,728,735	\$ 1,389,198	\$ 966,540	\$ 686,119	\$ 276,705	\$ 425,009	\$ 694,235
Fixed income mutual funds	10,520	-	-	-	10,520	-	-
U.S. government agencies	7,627,201	-	-	-	7,627,201	-	-
	<u>\$ 15,366,456</u>	<u>\$ 1,389,198</u>	<u>\$ 966,540</u>	<u>\$ 686,119</u>	<u>\$ 7,914,426</u>	<u>\$ 425,009</u>	<u>\$ 694,235</u>

Debt Securities	BBB+	BBB	BBB-	Unrated
Corporate bonds	\$ 1,922,665	\$ 1,089,765	\$ 278,499	\$ -
Fixed income mutual funds	-	-	-	-
U.S. government agencies	-	-	-	-
	<u>\$ 1,922,665</u>	<u>\$ 1,089,765</u>	<u>\$ 278,499</u>	<u>\$ -</u>

No credit risk disclosures are required relating to U.S. Treasury securities.

## Town of Windham, Connecticut

### Notes to Financial Statements

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

**Fair value:** The Town and the Pension Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town and the Pension Plan have the following recurring fair value measurements as of June 30, 2018:

	June 30, 2018	Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Other Observable Inputs (Level 3)
Investments by fair value level:				
Stocks	\$ 38,208,680	\$ 38,208,680	\$ -	\$ -
Mutual funds	10,846	10,846	-	-
Collective trusts	5,393,874	-	5,393,874	-
Other	59,655	59,655	-	-
Debt securities:				
U.S. Treasury	5,941,603	-	5,941,603	-
Corporate bonds	7,728,735	-	7,728,735	-
Asset and mortgage backed	7,627,201	-	7,627,201	-
Total debt securities	21,297,539	-	21,297,539	-
Total investments by fair value level	64,970,594	\$ 38,279,181	\$ 26,691,413	\$ -
Investments measured at amortized cost:				
Certificate of deposits	3,107,243			
Total investments measured at amortized cost	3,107,243			
Total investments	\$ 68,077,837			

## Town of Windham, Connecticut

### Notes to Financial Statements

#### Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases and Transfers	Decreases and Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 3,547,959	\$ 1,923,766	\$ -	\$ 5,471,725
Construction in progress	10,563,436	3,698,069	(6,635,832)	7,625,673
Total capital assets, not being depreciated	14,111,395	5,621,835	(6,635,832)	13,097,398
Capital assets, being depreciated				
Buildings and improvements	100,306,664	6,091,695	-	106,398,359
Machinery and equipment	19,783,312	2,958,442	(27,969)	22,713,785
Infrastructure	28,816,479	-	-	28,816,479
Total capital assets, being depreciated	148,906,455	9,050,137	(27,969)	157,928,623
Less accumulated depreciation for:				
Buildings and improvements	(39,985,762)	(2,406,526)	-	(42,392,288)
Machinery and equipment	(16,245,839)	(1,117,860)	12,114	(17,351,585)
Infrastructure	(16,925,043)	(1,170,568)	-	(18,095,611)
Total accumulated depreciation	(73,156,644)	(4,694,954)	12,114	(77,839,484)
Total capital assets, being depreciated, net	75,749,811	4,355,183	(15,855)	80,089,139
Governmental activities capital assets, net	\$ 89,861,206	\$ 9,977,018	\$ (6,651,687)	\$ 93,186,537

# Town of Windham, Connecticut

## Notes to Financial Statements

### Note 4. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases and Transfers	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 99,330	\$ -	\$ -	\$ 99,330
Total capital assets, not being depreciated	99,330	-	-	99,330
Capital assets, being depreciated:				
Buildings and improvements	24,600,611	178,312	-	24,778,923
Machinery and equipment	15,702,570	456,596	-	16,159,166
Services and improvements	17,925,944	197,850	-	18,123,794
Total capital assets, being depreciated	58,229,125	832,758	-	59,061,883
Less accumulated depreciation for:				
Buildings and improvements	(9,278,591)	(441,595)	-	(9,720,186)
Machinery and equipment	(6,313,386)	(991,521)	-	(7,304,907)
Services and improvements	(7,768,461)	(213,226)	-	(7,981,687)
Total accumulated depreciation	(23,360,438)	(1,646,342)	-	(25,006,780)
Total capital assets, being depreciated, net	34,868,687	(813,584)	-	34,055,103
Business-type activities capital assets, net	\$ 34,968,017	\$ (813,584)	\$ -	\$ 34,154,433

Depreciation and amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 375,595
Public safety	938,991
Public works	1,877,982
Human services	46,950
Planning and development	46,950
Civic and cultural	187,798
Education	1,220,688
Total depreciation and amortization expense-governmental activities	<u>\$ 4,694,954</u>
Business-type activities:	
Water	\$ 448,990
Sewer	1,197,352
Total depreciation and amortization expense-business-type activities	<u>\$ 1,646,342</u>

**Town of Windham, Connecticut**

**Notes to Financial Statements**

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

A summary of interfund balances as of June 30, 2018 is presented below:

	Due From Other Funds	Due to Other Funds
General fund	\$ 5,057,730	\$ -
Capital improvement fund	-	2,665,301
Sewer fund	-	2,183,077
Nonmajor governmental funds	-	128,434
Fiduciary funds	-	80,918
	<u>\$ 5,057,730</u>	<u>\$ 5,057,730</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2018, consisted of the following:

	Transfers From Other Funds	Transfers to Other Funds
General fund	\$ 200,000	\$ 925,947
Water fund	-	100,000
Sewer fund	-	100,000
Nonmajor governmental funds	925,947	-
	<u>\$ 1,125,947</u>	<u>\$ 1,125,947</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from the General Fund to the Non-major fund was mainly for educational purposes.

## Town of Windham, Connecticut

### Notes to Financial Statements

#### Note 6. Long-Term Liabilities

The following is a summary of changes in long-term obligations for the year ended June 30, 2018:

	Beginning Balances*	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds and notes payable:					
General obligation bonds	\$ 15,097,000	\$ -	\$ (2,185,900)	\$ 12,911,100	\$ 1,712,300
Unamortized amounts:					
Premiums	346,679	-	(63,862)	282,817	-
Total bonds payable	15,443,679	-	(2,249,762)	13,193,917	1,712,300
<b>Other liabilities:</b>					
Compensated absences	5,514,908	1,990,001	(1,295,394)	6,209,515	2,173,330
Landfill post-closure liability	77,000	-	(7,000)	70,000	7,000
Total OPEB liability*	16,452,825	358,275	-	16,811,100	-
Net pension liability	6,677,642	3,386,002	-	10,063,644	-
	<u>\$ 44,166,054</u>	<u>\$ 5,734,278</u>	<u>\$ (3,552,156)</u>	<u>\$ 46,348,176</u>	<u>\$ 3,892,630</u>
<b>Business-type activities</b>					
Bonds payable:					
General obligation bonds	\$ 568,000	\$ -	\$ (69,100)	\$ 498,900	\$ 67,700
<b>Other liabilities:</b>					
Notes payable	11,657,481	-	(868,811)	10,788,670	805,344
Compensated absences	381,940	-	(97,034)	284,906	99,717
	<u>\$ 12,607,421</u>	<u>\$ -</u>	<u>\$ (1,034,945)</u>	<u>\$ 11,572,476</u>	<u>\$ 972,761</u>

\*Restated for GASB no.75.

All governmental activities obligations are paid from the general fund and certain special revenue governmental funds.

## Town of Windham, Connecticut

### Notes to Financial Statements

#### Note 6. Long-Term Liabilities (Continued)

**General obligation bonds:** A summary of general obligation bonds outstanding at June 30, 2018, is as follows:

Purpose of Bonds	Date of Issue	Original Amount	Interest Rates	Final Maturity Date	Amount Outstanding
Governmental :					
Bonds payable:					
General purpose bonds	2010	\$ 4,000,000	1.75%-4.00%	2031	\$ 2,575,000
General purpose refunding bonds	2010	5,260,000	2.00%-4.00%	2024	1,470,000
General purpose refunding bonds	2014	7,820,900	2.00%-4.00%	2034	6,346,100
General purpose bonds	2015	2,845,000	1.80%	2022	2,020,000
Qualified Zone Academy Bonds	2006	500,000	-	2022	500,000
Total governmental activities					<u>\$ 12,911,100</u>
Business-type activities:					
Bonds payable:					
Water bonds, refinanced	2014	684,100	2.00%-3.00%	2026	<u>\$ 498,900</u>
Notes payable:					
Clean Water Fund note payable	2008	\$ 668,189	2.00%	2027	323,744
Clean Water Fund note payable	2012	15,408,418	2.00%	2032	10,464,926
					<u>10,788,670</u>
Total business-type activities					<u>\$ 11,287,570</u>

## Town of Windham, Connecticut

### Notes to Financial Statements

#### Note 6. Long-Term Liabilities (Continued)

Annual debt service requirements to maturity on general obligation bonds, water bonds and clean water fund notes are as follows as of June 30, 2018:

Year Ending June 30:	Governmental Activities	
	Bonds Payable	
	Principal	Interest
2019	\$ 1,712,300	\$ 322,100
2020	1,598,700	290,190
2021	1,628,700	258,391
2022	1,625,100	225,603
2023	1,275,000	192,601
2024-2028	3,021,300	626,059
2029-2033	1,745,000	227,116
2034-2036	305,000	6,100
	<u>\$ 12,911,100</u>	<u>\$ 2,148,160</u>

Year Ending June 30:	Business-Type Activities					
	Bonds Payable		Notes Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 67,700	\$ 12,950	805,347	\$ 209,676	\$ 873,047	\$ 222,626
2020	66,300	11,610	806,052	193,562	872,352	205,172
2021	66,300	9,953	806,771	177,435	873,071	187,388
2022	64,900	7,985	807,505	161,292	872,405	169,277
2023	65,000	6,036	808,253	145,136	873,253	151,172
2024-2028	168,700	6,845	3,994,056	483,568	4,162,756	490,413
2029-2033	-	-	2,760,686	105,933	2,760,686	105,933
	<u>\$ 498,900</u>	<u>\$ 55,379</u>	<u>\$ 10,788,670</u>	<u>\$ 1,476,602</u>	<u>\$ 11,287,570</u>	<u>\$ 1,531,981</u>

**Statutory debt limitation:** Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or approximately \$265.6 million as of June 30, 2018. Further, the statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2018.

As of June 30, 2018, the Town has authorized and unissued bonds of \$92,300,980 for school construction projects, \$4,280,000 for roads and sidewalks and \$11,037,635 for municipal and public safety projects.

**Landfill post-closure liability:** The Town landfill has been closed. State and federal laws and regulations require landfill closures to meet certain standards. Monitoring costs for the next 12 years are estimated to be \$70,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations. The estimated liability is not recorded in the fund financial statements since the liability will be funded from future financial resources, not from expendable available financial resources.



## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 7. Unavailable/Unearned Revenue

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

	Unavailable Revenue	Unearned Revenues
General fund:		
Property taxes receivable	\$ 914,103	\$ -
Capital improvement fund:		
Intergovernmental receivable	6,208,614	-
Educational grants fund:		
Grants drawdown in advance	-	12,340
Other nonmajor governmental funds:		
Loans receivable	59,372	-
Other receivable	110,412	-
Grants drawdown in advance	-	534,013
	169,784	534,013
Total	\$ 7,292,501	\$ 546,353

#### Note 8. Employee Retirement Systems and Pension Plans

##### Public employee retirement system:

**Plan descriptions:** The Town is the administrator of four separate single-employer Public Employee Retirement System (PERS) defined benefit contributory pension plans established and administered to provide pension benefits for its municipal, police and firefighters, and one separate single-employer PERS defined benefit noncontributory pension plan established and administered to provide pension benefits for its Board of Education full-time employees other than teachers. The PERS do not issue stand-alone financial statements and are considered to be part of the Town's financial reporting entity. As such, the PERS are included in the Town's fiduciary fund financial statements as pension trust funds. Before the merger of the Town of Windham, Connecticut with the City of Willimantic, municipal employees held their pensions with the Travelers Insurance Company. During 1986, the Travelers plan was frozen and assets related to active participants of this plan were transferred to New England Financial Retirement Services. Since all retirement benefits under this plan were funded through annual purchases of annuity contracts for all active employees, the Travelers is obligated to pay the related pension benefits. Therefore, the activity and the assets in the Travelers plans and the actuarial present value of the accumulated plan benefits are excluded from the Town's financial statements.

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

**Plan membership:** Membership of the Plans consisted of the following at the date of the latest actuarial valuations:

	Fire	Police	Municipal	Board of Education
Retirees and beneficiaries receiving benefits	28	34	21	88
Terminated employees entitled to benefits but not yet receiving them	3	2	75	57
Active plan members	29	43	95	104
	60	79	191	249

#### Benefit provisions:

**Fire and police pension plans:** The fire and police PERS cover regular employees of the fire and police departments. The PERS provide retirement, disability and survivorship (optional) benefits generally based on final base pay for all active and retired employees. The Town provides retirement benefits through a single employer, contributory, defined benefit plan. All regular employees of both departments are eligible for participation on their date of hire. Fire and police employees are 100% vested after ten (10) years of service. The retirement benefit for fire is 2.25% of the annual straight time earnings plus paid holiday pay in the fifty-two (52) pay periods before retirement, multiplied by the number of years and completed months of service up to a maximum of thirty-five (35) years. The retirement benefit for police is 2.3% of annual straight time earnings in the fiscal year last completed before retirement plus longevity pay in that year, multiplied by the number of years and completed months of service up to a maximum of forty (40) years. Normal retirement is assumed to be after twenty-five (25) years of service or age sixty (60), whichever comes first, for fire and after twenty (20) years of service or age sixty (60), whichever comes first, for police.

Fire employees are required to contribute 8.0% of their straight time earnings plus holiday pay pre-tax to the PERS. Police employees are required to contribute 8.0% of their straight time earnings pre-tax. If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its fire and police employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiations.

**Municipal pension plan:** The Town's municipal PERS cover all regular employees of the Town other than police, fire, Board of Education employees, and teachers. The Town provides all retirement benefits through a single-employer contributory defined benefit plan. All employees are eligible to become participants in the PERS on the first day of the first month following two (2) years of service. The retirement benefit is the sum of 1.75% of the participant's average annual earnings for the last three (3) years of employment, multiplied by the number of years of service excluding the first two (2) years and any years prior to age twenty-one (21) for employees hired before January 1, 1995. Normal retirement is assumed to be at age sixty-five (65) with the completion of Five (5) years of plan participation. A participant becomes 100% vested upon completion of five (5) years of credited service. The municipal PERS offer optional survivorship benefits.

## Town of Windham, Connecticut

### Notes to Financial Statements

#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

Municipal employees are required to make contributions of 1.50% of annual earnings through June 30, 2018 to the PERS. If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees. Benefits are fixed by contract and may be amended by union negotiations.

**Board of Education pension plan:** The Town of Windham's Board of Education provides benefits to all full-time employees other than teachers through a single-employer, noncontributory, defined benefit plan. All employees are eligible for membership in the PERS on the first day of the month after completion of two (2) years of service and attainment of age twenty-four (24). Employees are 100% vested after five (5) years of continuous service. The retirement benefit is 1.25% of average earnings paid to a member during the highest five (5) consecutive years of active employment multiplied by the number of whole years of continuous service. Normal retirement is assumed to be the later of age sixty-five (65) and five (5) years of participation in the plan. The Board of Education pension plan offers optional survivorship benefits.

Employees are not required to contribute to the PERS. The Board of Education is required to contribute the amounts necessary to finance the benefits for its employees. Benefits are fixed by contract and may be amended by union negotiations.

**Administrative costs:** Administrative costs are paid by the plans.

**Contribution requirements and contributions made:** The Town's funding policy provides for periodic employer contributions at actuarially determined rates, that, when expressed as a percentage of annual covered payroll, are sufficient to accumulate the assets needed to pay benefits when due. Contributions were determined in accordance with actuarially determined contribution requirements computed through actuarial valuations performed at various valuation dates. The employer's contributions were based on normal cost and an amortization of the unfunded actuarial accrued liability. The Town's actuary, as stated in the actuarial valuation, determines annual contributions to each plan. Contributions for the fiscal year ended June 30, 2018, and the employee and employer contributions as a percentage of covered payroll, respectively, are as follows:

Pension Contributions	Fire	Police	Municipal	Board of Education
Employer	\$ 708,361	\$ 1,055,252	\$ 829,133	\$ 485,352
Employee	164,696	250,922	88,394	-
Total	<u>\$ 873,057</u>	<u>\$ 1,306,174</u>	<u>\$ 917,527</u>	<u>\$ 485,352</u>

Percentage of Covered Payroll	Fire	Police	Municipal	Board of Education
Employer	37.9%	56.4%	44.3%	25.9%
Employee	8.8%	13.4%	4.7%	0.0%
Total	<u>46.7%</u>	<u>69.8%</u>	<u>49.0%</u>	<u>25.9%</u>

**Town of Windham, Connecticut**

**Notes to Financial Statements**

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

**Plan financial statements:**

**Town of Windham, Connecticut**  
**Combining Statement of Fiduciary Net Position -**  
**Pension Trust Funds**  
**June 30, 2018**

	Firemen's Pension	Policemen's Pension	Municipal Employees' Pension	Board of Education Employees' Pension	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 896,076	\$ 1,351,825	\$ 336,183	\$ 146,331	\$ 2,730,415
Investments:					
Corporate bonds	1,823,717	3,153,778	2,607,643	-	7,585,138
U.S. government securities	1,394,386	2,423,638	2,004,510	-	5,822,534
Collective trusts	-	-	-	5,393,874	5,393,874
Common stock	8,097,129	14,003,158	11,505,937	4,073,492	37,679,716
Receivables	20,185	54,979	66,208	-	141,372
Total assets	12,231,493	20,987,378	16,520,481	9,613,697	59,353,049
<b>Liabilities</b>					
Accounts payable	30,124	32,561	4,945	-	67,630
Due to other funds	18,647	24,876	37,395	-	80,918
Total liabilities	48,771	57,437	42,340	-	148,548
<b>Net position:</b>					
Restricted for pension benefits	\$ 12,182,722	\$ 20,929,941	\$ 16,478,141	\$ 9,613,697	\$ 59,204,501

# Town of Windham, Connecticut

## Notes to Financial Statements

### Note 8. Employee Retirement Systems and Pension Plans (Continued)

Town of Windham, Connecticut  
Combining Statement of Changes in Fiduciary Net Position -  
Pension Trust Funds  
For the Year Ended June 30, 2018

	Firemen's Pension	Policemen's Pension	Municipal Employees' Pension	Board of Education Employees' Pension	Total
<b>Additions</b>					
Contributions:					
Employer	\$ 708,361	\$ 1,055,252	\$ 829,133	\$ 485,352	\$ 3,078,098
Plan members	164,696	250,922	88,394	-	504,012
Other	2,788	-	-	-	2,788
Total contributions	875,845	1,306,174	917,527	485,352	3,584,898
Investment earnings:					
Interest and dividends	316,496	548,836	275,653	326,915	1,467,900
Net appreciation (depreciation) in fair value of investments	(515,398)	(748,801)	253,509	112,795	(897,895)
Total investment earnings	(198,902)	(199,965)	529,162	439,710	570,005
Less administrative and other expenses	3,935	5,935	40,195	72,623	122,688
Net investment earnings (loss)	(202,837)	(205,900)	488,967	367,087	447,317
Total additions	673,008	1,100,274	1,406,494	852,439	4,032,215
<b>Deductions</b>					
Benefit payments	722,271	1,276,412	561,144	516,210	3,076,037
Total deductions	722,271	1,276,412	561,144	516,210	3,076,037
Change in net position	(49,263)	(176,138)	845,350	336,229	956,178
Net position restricted for pension benefits					
Beginning of year	12,231,985	21,106,079	15,632,791	9,277,468	58,248,323
End of year	\$ 12,182,722	\$ 20,929,941	\$ 16,478,141	\$ 9,613,697	\$ 59,204,501

## Town of Windham, Connecticut

### Notes to Financial Statements

#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

##### Summary of significant accounting policies and plan asset matters:

**Basis of accounting:** The Pension Trusts' financial statements are accounted for using the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Investments are reported at fair value. Expenses (benefits, administration, and refunds) are recognized when they are due and payable in accordance with the terms of the plan. Separate financial statements are not issued for the Pension Trust funds.

**Investments:** Each of the Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town Council/Board of Education. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The following was the allocation policy as of June 30, 2018:

Asset Class	Pension Fund Allocation %			
	Fire	Police	Municipal	BOE
Cash	1.4%	1.4%	0.0%	0.0%
Core fixed income	0.0%	0.0%	60.0%	65.0%
Large cap core equities	33.8%	33.8%	30.0%	20.0%
Mid cap core equities	2.1%	2.1%	0.0%	7.0%
Small cap core equities	0.08%	0.08%	5.0%	3.0%
International equity	25.5%	25.5%	5.0%	0.0%
Emerging markets equities	3.5%	3.5%	0.0%	5.0%
Intermediate duration investment grade tax	19.2%	19.2%	0.0%	0.0%
Short duration investment grade taxable fix	14.4%	14.4%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

**Concentrations of credit risk:** The following represents individual holdings which exceeded 5% of each respective Plan's total investments:

Investment Type	Issuer	Board of Education
Collective Trust	Aetna Life Insurance Company	\$ 5,393,874

## Town of Windham, Connecticut

### Notes to Financial Statements

#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

**Net pension liability of the Town:** The components of the net pension liability of the Town at June 30, 2018 were as follows:

##### Municipal Employees Pension Plan

Total pension liability	\$ 20,313,013
Plan fiduciary net position	(16,478,141)
Net pension liability	<u>\$ 3,834,872</u>
Plan fiduciary net position as a percentage of total pension liability	81.12%

##### BOE Pension Plan

Total pension liability	\$ 10,774,231
Plan fiduciary net position	(9,613,697)
Net pension liability	<u>\$ 1,160,534</u>
Plan fiduciary net position as a percentage of total pension liability	89.23%

##### Police Pension Plan

Total pension liability	\$ 23,768,452
Plan fiduciary net position	(20,929,941)
Net pension liability	<u>\$ 2,838,511</u>
Plan fiduciary net position as a percentage of total pension liability	88.06%

##### Fire Pension Plan

Total pension liability	\$ 14,412,449
Plan fiduciary net position	(12,182,722)
Net pension liability	<u>\$ 2,229,727</u>
Plan fiduciary net position as a percentage of total pension liability	84.53%

**Rate of return:** For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows.

	Police	Fire	Municipal	BOE
Money weighted rate of return	-0.97%	-1.97%	3.38%	4.83%

## Town of Windham, Connecticut

### Notes to Financial Statements

#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

**Actuarial assumptions:** The total pension liability was determined by actuarial valuations as of July 1, 2017 for Fire, Police, and BOE and January 1, 2017 for Municipal, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2018. There have been no significant changes between the valuation date and the fiscal year-end.

	Police	Fire	Municipal	BOE
Actuarial valuation date	7/1/2017	7/1/2017	7/1/2017	1/1/2017
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment rate of return	7.0%	7.0%	7.0%	6.50%
Projected salary increases	4.5% compounded annually	4.5% compounded annually	3.0%	3.0%
Inflation rate	2.75%	2.75%	2.75%	2.75%

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2015.

**Assumed rate of return:** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best-estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, and the final investment return assumption, are summarized in the following table:

	Police	Fire	Municipal	BOE
	Long-Term Expected Real Return - Portfolio	Long-Term Expected Real Return - Portfolio	Long-Term Expected Real Return - Portfolio	Long-Term Expected Real Return - Portfolio
Asset Class				
Cash	0.20%	0.20%	-	
Core fixed income	-	-	1.70%	2.51%
Large cap core equities	6.80%	6.80%	5.70%	3.37%
Mid cap core equities	7.40%	7.40%	-	3.52%
Small cap core equities	7.90%	7.90%	6.70%	3.86%
International equity	-	-	5.50%	4.15%
Emerging markets equities	8.40%	8.40%	-	-
Intermediate duration investment grade taxable	2.80%	2.80%	-	-
Short duration investment grade taxable fixed	2.80%	2.80%	-	-
Inflation	2.75%	2.75%	2.75%	2.75%
Long-term nominal rate	7.00%	7.00%	7.00%	6.50%



## Town of Windham, Connecticut

### Notes to Financial Statements

#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

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

	Police	Fire	Municipal	BOE
Discount rate	7.00%	7.00%	7.00%	6.50%

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

Net Pension Liability (Asset)	1% decrease	Current Discount Rate	1% increase
Police	\$ 5,935,427	\$ 2,838,511	\$ 267,590
Fire	3,974,650	2,229,727	766,679
Municipal	6,636,847	3,834,872	1,484,442
BOE	2,431,821	1,160,534	82,300

**Net pension liability of the Town:** The components of the net pension liability of the Town for its pension plans at June 30, 2018, were as follows:

#### Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>FIRE</b>			
Balances at 6/30/17	\$ 14,284,631	\$ 12,231,985	\$ 2,052,646
Changes for the year:			
Service cost	473,620	-	473,620
Interest	1,008,090	-	1,008,090
Change in assumptions	(275,033)	-	(275,033)
Contributions - employer	-	708,361	(708,361)
Contributions - member	-	164,696	(164,696)
Net investment income (loss)		(196,114)	196,114
Differences between expected and actual experience	(352,653)	-	(352,653)
Benefit payments, including refunds of employee contributions	(726,206)	(726,206)	-
Net changes	127,818	(49,263)	177,081
Balances at 6/30/18	\$ 14,412,449	\$ 12,182,722	\$ 2,229,727

# Town of Windham, Connecticut

## Notes to Financial Statements

### Note 8. Employee Retirement Systems and Pension Plans (Continued)

#### Changes in the Net Pension Liability

<u>POLICE</u>	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/17	\$ 22,811,961	\$ 21,106,079	\$ 1,705,882
Changes for the year:			
Service cost	879,570	-	879,570
Interest	1,614,284	-	1,614,284
Differences between expected and actual experience	89,436	-	89,436
Change in assumptions	(344,451)		(344,451)
Contributions - employer	-	1,055,252	(1,055,252)
Contributions - member		250,922	(250,922)
Net investment income (loss)	-	(189,562)	189,562
Benefit payments, including refunds of employee contributions	(1,282,348)	(1,282,348)	
Administrative expense	-	-	-
Net changes	956,491	(165,736)	1,122,227
Balances at 6/30/18	\$ 23,768,452	\$ 20,940,343	\$ 2,828,109

#### Changes in the Net Pension Liability

<u>MUNICIPAL</u>	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/17	\$ 17,499,796	\$ 15,632,791	\$ 1,867,005
Changes for the year:			
Service cost	405,546	-	405,546
Interest	1,325,414	-	1,325,414
Differences between expected and actual experience	(180,790)	-	(180,790)
Change in assumptions	1,824,191		1,824,191
Contributions - employer	-	829,133	(829,133)
Contributions - member		88,394	(88,394)
Net investment income	-	489,027	(489,027)
Benefit payments, including refunds of employee contributions	(561,144)	(561,144)	
Administrative expense	-	-	-
Net changes	2,813,217	845,410	1,967,807
Balances at 6/30/18	\$ 20,313,013	\$ 16,478,201	\$ 3,834,812

**Town of Windham, Connecticut**

**Notes to Financial Statements**

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

Changes in the Total Pension Liability

<u>BOE</u>	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	\$ 10,329,577	\$ 9,277,468	\$ 1,052,109
Balances at 6/30/17			
Changes for the year:			
Service cost	254,611	-	254,611
Interest	671,537	-	671,537
Differences between expected and actual experience	34,716	-	34,716
Administrative payments	-	(72,623)	72,623
Contributions - employer		485,352	(485,352)
Net investment income	-	439,710	(439,710)
Benefit payments	(516,210)	(516,210)	-
Net changes	444,654	336,229	108,425
Balances at 6/30/18	\$ 10,774,231	\$ 9,613,697	\$ 1,160,534

For the year ended June 30, 2018, the Town recognized pension expense of \$457,410 for the Fire Pension Plan (FPP). As of June 30, 2018, the Town's reported deferred outflows of resources and deferred inflows of resources related to the FPP pensions in the statement of net position from the following sources:

Fire Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (831,178)
Net difference between projected and actual earnings		(229,946)
on pension plan investments	366,095	-
Change in assumptions	287,800	-
Total	\$ 653,895	\$ (1,061,124)

For the year ended June 30, 2018, the Town recognized pension expense of \$1,102,364 for the Police Pension Plan (PPP). As of June 30, 2018, the Town's reported deferred outflows of resources and deferred inflows of resources related to the PPP pensions in the statement of net position from the following sources:

Police Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,256	\$ (357,687)
Changes of assumptions	482,632	(305,945)
Net difference between projected and actual earnings		
on pension plan investments	681,076	-
Total	\$ 1,241,964	\$ (663,632)

## Town of Windham, Connecticut

### Notes to Financial Statements

#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

For the year ended June 30, 2018, the Town recognized pension expense of \$1,004,392 for the Municipal Pension Plan (MPP). As of June 30, 2018, the Town's reported deferred outflows of resources and deferred inflows of resources related to MPP pensions in the statement of net position from the following sources:

Municipal Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 680,853	\$ (154,203)
Changes of assumptions	457,532	-
Net difference between projected and actual earnings on pension plan investments	1,555,928	-
Total	<u>\$ 2,694,313</u>	<u>\$ (154,203)</u>

For the year ended June 30, 2018, the Town recognized pension expense of \$556,710 for the BOE pension plan. As of June 30, 2018, the Town's reported deferred outflows of resources and deferred inflows of resources related to the BOE pensions in the statement of net position from the following sources:

BOE Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 130,944	\$ (966)
Changes of assumptions	-	(67,059)
Net difference between projected and actual earnings on pension plan investments	299,393	-
Total	<u>\$ 430,337</u>	<u>\$ (68,025)</u>

#### Aggregate Pension Information:

	Net Pension Liability	Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Plan	\$ 3,834,872	\$ 1,004,392	\$ 2,694,313	\$ 154,203
BOE Plan	1,160,534	556,710	430,337	68,025
Police Plan	2,838,511	1,102,364	1,241,964	663,632
Fire Plan	2,229,727	457,410	653,895	1,061,124
	<u>\$ 10,063,644</u>	<u>\$ 3,120,876</u>	<u>\$ 5,020,509</u>	<u>\$ 1,946,984</u>

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

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

<u>Year Ending June 30,</u>	Fire Pension Plan	Police Pension Plan	Municipal Pension Plan	BOE Pension Plan
2019	\$ (66,546)	\$ 233,497	\$ 602,295	\$ 164,987
2020	(201,533)	(7,194)	545,333	120,631
2021	63,769	304,277	375,211	44,963
2022	(72,506)	109,636	478,655	31,731
2023	(120,439)	(10,215)	335,854	-
Thereafter	(9,974)	(51,669)	202,762	-
	<u>\$ (407,229)</u>	<u>\$ 578,332</u>	<u>\$ 2,540,110</u>	<u>\$ 362,312</u>

#### Connecticut State Teachers' Retirement System:

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

**Description of system:** Eligible employees within the City's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. As such, the City does not have a liability.

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

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

**Summary of significant accounting policies:** For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

**Contribution requirements:** The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z. Employees are required to contribute 6.0 percent of their annual salary rate to the System as required by CGS Section 10-183b (7).

Employers are not required to make contributions to the Plan.

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

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

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after the service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

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

Asset Class	Target Allocation	Expected Real Rate of Return
Large cap U.S. equities	21.00%	5.80%
Developed non-U.S. equities	18.00%	6.60%
Emerging markets (Non-U.S.)	9.00%	8.30%
Real estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative investments	8.00%	4.10%
Core Fixed Income	7.00%	1.30%
High Yield Bonds	5.00%	3.90%
Emerging markets bonds	5.00%	3.70%
Inflation Linked Bond Fund	3.00%	1.00%
Cash	6.00%	0.40%
	<u>100.00%</u>	

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

**Pension liabilities, pension expense, and deferred inflows/outflows of resources:** The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by GASB No. 68, *Accounting and Financial Reporting for Pensions* and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The June 30, 2016 actuarial valuation was projected forward to June 30, 2017 (measurement date) to calculate the net pension liability. The portion of the net pension liability that was associated with the Town was \$78,028,522 and 100% of the collective net pension liability is allocated to the State.

**Sensitivity of the proportionate share 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 State of Connecticut.

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

Since the prior valuation, the State adopted new assumptions based on the 2015 Experience Study. The changes in assumptions are summarized below:

##### Economic Assumptions

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

##### Demographic Assumptions

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

The Town recognized the total pension revenue and expense of \$9,025,621 for on-behalf payments for pension benefits paid directly to the System by the State of Connecticut.

**Other information:** Additional information is included in the required supplementary section of the financial statements.

#### Note 9. Other Post-Employment Benefits (OPEB)

**Plan administration:** The general administration and management of the Town. The plan does not issue separate financial statements. The town has not funded the Plan and no assets have been accumulated for payment of these benefits.

**Plan description:** The Town administers an Other Post-Employment Benefits Plan (the Plan), which is a single-employer defined benefit, healthcare plan. The Plan provides healthcare and life insurance benefits for eligible retirees and their spouses through the Town's group healthcare and life insurance plans, which covers both active and retired members. Benefit provisions are established through negotiations between the Town and the unions representing Town employees and are renegotiated each three-year bargaining period.

**Funding policy:** Contribution requirements of the plan members upon retirement vary by employee class and range from 10% to 100% of the retiree's healthcare premium cost. Contribution requirements are established in the Plan document and may be amended through negotiations between the Town and the unions.

Membership in the plan at July 1, 2016, the date of last actuarial valuation.

	OPEB
Retirees and beneficiaries receiving benefits	87
Active plan members	146
	<u>233</u>



## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 9. Other Post-Employment Benefits (OPEB) (Continued)

##### Actuarial methods and assumptions:

Significant methods and assumptions were as follows:

Valuation date	July 1, 2016
Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period in years	30 Years – Open
Investment return	3.87
Actuarial assumptions (includes inflation rate):	
Inflation rate	2.75%
Healthcare cost trend rate	7.75 % initial; 4.75% final

**Mortality:** RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with scale MP-2016.

**Discount rate:** The discount rate used to measure the total OPEB liability was 3.87% from the Bond Buyer GO 20- Bond Municipal Index. The projection of cash flows used to determine the discount rate assumed the Town will cover payments for current active and inactive employees on a pay-as-you-go basis.

**Total OPEB liability of the Town:** The Town's total OPEB liability of \$16,811,100 was measured as of June 30, 2018, as determined by an actuarial valuation as of July 1, 2016, which was projected forward to June 30, 2018. The Town has not accumulated any assets in a fiduciary trust for payment of benefits.

Changes in Total OPEB Liability	OPEB Plan
Total OPEB liability:	
Service cost	\$ 834,730
Interest	610,262
Difference between expected and actual experience	(4,986)
Change in assumptions	(595,204)
Benefit payments	(486,527)
<b>Net change in total OPEB liability</b>	<u>358,275</u>
Total OPEB liability, beginning	<u>16,452,825</u>
<b>Total OPEB liability, ending</b>	<u><u>\$ 16,811,100</u></u>

**Town of Windham, Connecticut**

**Notes to Financial Statements**

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

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:** The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
	(3.75% decreasing	(7.75% decreasing	(8.75% decreasing
	to 4.75%)	to 4.75%)	to 5.75%)
Total OPEB Liability as of June 30, 2018	\$ 14,423,123	\$ 16,811,100	\$ 19,725,362

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

	Current		
	1% Decrease	Discount Rate	1% Increase
		3.87%	
Total OPEB Liability as of June 30, 2018	\$ 18,992,139	\$ 16,811,100	\$ 14,962,998

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:** For the year ended June 30, 2018, the Town recognized OPEB expense of \$1,363,972. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Municipal Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (4,587)
Change in assumptions	-	(547,588)
Total	\$ -	\$ (552,175)

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

Year Ending June 30,	OPEB Plan
2019	\$ (48,015)
2020	(48,015)
2021	(48,015)
2022	(48,015)
2023	(48,015)
Thereafter	(312,100)
	\$ (552,175)

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 9. Other Post-Employment Benefits (OPEB) (Continued)

##### **Connecticut State Teachers' Retirement System- Retiree Health Insurance Plan**

**Plan description:** Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a Section 10-183 (t) of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**Benefit provisions:** There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage. Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

**Survivor health care coverage:** Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB - Sponsored Medicare Supplemental Plans, as long as they do not remarry.

**Eligibility:** Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan.

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 9. Other Post-Employment Benefits (OPEB) (Continued)

**Credited service:** One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement, if the Member pays one-half the cost.

**Normal retirement:** 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.

**Early retirement:** 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.

**Proratable retirement:** Age 60 with 10 years of credited service

**Disability retirement:** 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

**Termination of employment:** 10 or more years of Credited Service.

#### Contributions:

##### *State of Connecticut*

Per Connecticut General Statutes Section 10-183t, 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. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

##### *Employer (School Districts)*

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

##### *Employees*

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

**OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB:** At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB 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 OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town was as follows:

The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the measurement date of June 30, 2017. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 9. Other Post-Employment Benefits (OPEB) (Continued)

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$930,779 in on-behalf amounts for the benefits provided by the State.

**Actuarial assumptions:** The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.02%).

**Discount rate:** The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

**Sensitivity of the net OPEB liability to changes in the health care cost trend rate and the discount rate:** The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

**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. Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 10. Risk Management

The Town is exposed to various risks of loss relating to torts; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance to manage these risks. The Town is not insured concerning the following types of risks: unemployment compensation.

Settled claims have not exceeded commercial coverage nor has coverage been materially reduced in any of the last three years.

The Town is self-insured for worker's compensation claims and employee health insurance. The Town recognizes a liability for worker's compensation claims payable and for claims incurred but not reported based on actuarial analysis of claim history and for other self-insured claims which are probable of loss based on a case-by-case review. The Town also purchases stop-loss coverage for amounts above \$500,000 per claim.

The Health Insurance Fund, an internal service fund, was established to account for and finance employee medical benefits claims for eligible employees of both the Town and the Board of Education. The Town retains the risk of loss under the plan.

A third party processes the claims filed under the self-insured health plan, for which the General Fund is charged an administrative fee.

The Town and BOE have Individual Stop Loss (ISL) coverage that limits their liability to \$175,000 per claimant in a plan year. The Town and BOE's overall claim liability is also limited to 115% of expected claims (\$10,500,000) with Aggregate Stop Loss coverage for the plan year. Anthem administers the payment of Medical and Pharmacy claims, calculates and provides the accrued liability in a year-end settlement. Lockton Companies, LLC, the consultant for the Town and BOE, analyzes those claims and administrative expenses and advises the Town and BOE on all health insurance related issues.

A summary of claims activity for health and workers' compensation risks for the years ended June 30, 2018 and 2017 are as follows:

Year Ended June 30,	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2017	\$ 1,465,871	\$ 11,310,189	\$ 11,106,446	\$ 1,669,614
2018	1,669,614	11,227,183	11,502,986	1,393,811

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2018. Claims liabilities are recorded in accordance with GASB No. 10 and 30, which require that 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 possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries.

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 11. Contingent Liabilities

The Town has received State and Federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

In addition, there are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases, is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town resulting from such litigation would not materially affect the financial position of the Town.

#### Note 12. Deferred Compensation Plan

The Town offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all Town employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plans participants and their beneficiaries. Therefore, the accounts of the deferred compensation plans are not reported in the financial statements of the Town.

#### Note 13. Fund Balances (Deficits)

Below is a table of fund balance categories and classifications at June 30, 2018, for the Town's governmental funds:

	General Fund	Educational Grants Fund	Capital Improvements Fund	Nonmajor Governmental Funds
Fund balances (deficits)				
Nonspendable:				
Inventory	\$ 125,772	\$ -	\$ -	\$ 18,770
Permanent fund principal	-	-	-	298,896
Total nonspendable	125,772	-		317,666
Restricted:				
Education	-	-	-	1,107,543
Debt service	638,763	-	-	-
Civic and cultural - cemetery	-	-	-	115,530
Civic and cultural - recreation programs	-	-	-	149,834
Civic and cultural - library	-	-	-	31,660
Public safety	-	-	-	128,884
Public works	-	-	-	250,527
Community rehabilitation program	-	-	-	205,624
Capital outlay	-	-	-	441,557
Total restricted	638,763	-	-	2,431,159
Unassigned (deficit)	6,332,539	-	(18,971,278)	(239,594)
Total fund balance (deficit)	\$ 7,097,074	\$ -	\$ (18,971,278)	\$ 2,509,231

## Town of Windham, Connecticut

### Notes to Financial Statements

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#### Note 14. Bond Anticipation Notes and Subsequent Events

**Bond anticipation notes:** The Town has \$15,500,000 of bond anticipation notes as of June 30, 2018. The bond anticipation notes had an interest rate of 2.75% and matured on October 12, 2018.

**Subsequent event:** On October 12, 2018, the Town issued a \$16,580,000 bond anticipation note with an interest rate of 2.25%, maturing on April 12, 2019.

#### Note 15. Deficit Fund Equity

Major funds:

Capital improvement fund	<u>\$ 18,971,278</u>
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Nonmajor funds:

Public safety donation fund	\$ 23,831
Town capital improvements fund	7,903
Drug-free communities year fund	79,426
Debt service fund	128,434
	<u>\$ 239,594</u>

The Town anticipates financing the deficit through future bond and grant proceeds.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, though the amount has not yet been determined:

**GASB Statement No. 83, *Certain Asset Retirement Obligations***, is effective for reporting periods beginning after June 15, 2018. The Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the Statement. The Town is aware of this Statement and will assess its impact to ensure timely implementation.

**GASB Statement No. 84, *Fiduciary Activities***, is effective for reporting periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Town is aware of this Statement and will assess its impact to ensure timely implementation.

**GASB Statement No. 87, *Leases***, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new Statement requires a Lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.



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

**GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements***, defines debt purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash, or other assets in lieu of cash, to settle a fixed amount established at the date of obligation. The Statement requires additional information related to debt to be disclosed in the notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt, and specified terms in debt agreements related to significant events of default and the resulting financial consequences. The Statement also requires disclosure be provided for direct borrowings and direct placements of debt separate from other forms of debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

**GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period***. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

**GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61***. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

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**Required Supplementary  
Information—*unaudited***

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**Town of Windham, Connecticut**

**Required Supplementary Information-Unaudited  
Schedule of Employer Contributions  
Last Ten Fiscal Years**

<i>SCHEDULE OF EMPLOYER CONTRIBUTIONS</i>						
Year Ended June 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll	
<b>Fire PERS</b>						
2018	\$ 708,361	\$ 708,361	\$ -	\$ 1,870,801	37.86%	
2017	677,857	677,857	-	2,009,650	33.73%	
2016	714,062	-	714,062	1,923,110	0.00%	
2015	680,426	450,000	230,426	1,884,070	23.88%	
2014	551,973	551,973	-	1,794,352	30.76%	
2013	526,194	526,194	-	1,794,352	29.33%	
2012	491,040	491,040	-	1,493,434	32.88%	
2011	467,717	444,479	23,238	1,493,434	29.76%	
2010	368,082	368,082	-	1,719,319	21.41%	
2009	350,495	350,495	-	1,719,319	20.39%	
<b>Police PERS</b>						
2018	\$ 1,055,252	\$ 1,055,252	\$ -	\$ 2,766,608	38.14%	
2017	1,009,811	1,009,811	-	2,952,695	34.20%	
2016	790,769	790,769	-	2,825,545	27.99%	
2015	753,269	753,269	-	2,764,927	27.24%	
2014	816,486	816,486	-	2,633,264	31.01%	
2013	777,583	777,583	-	2,633,264	29.53%	
2012	782,520	782,520	-	2,476,451	31.60%	
2011	745,490	695,142	(50,348)	2,476,451	28.07%	
2010	624,215	624,215	-	2,451,505	25.46%	
2009	594,921	594,921	-	2,451,505	24.27%	
<b>Municipal PERS</b>						
2018	\$ 710,445	\$ 829,133	\$ (118,688)	\$ 6,039,928	13.73%	
2017	660,879	560,000	(100,879)	5,926,104	9.45%	
2016	518,719	518,719	-	5,753,499	9.02%	
2015	518,719	518,719	-	5,729,056	9.05%	
2014	496,485	496,485	-	5,301,533	9.36%	
2013	496,485	496,485	-	5,297,089	9.37%	
2012	445,550	445,550	-	5,266,031	8.46%	
2011	312,389	382,548	70,159	4,891,794	7.82%	
2010	382,548	423,201	40,653	4,753,331	8.90%	
2009	423,201	497,457	74,256	4,807,456	10.35%	
<b>Board of Education PERS</b>						
2018	\$ 485,352	\$ 485,352	\$ -	\$ 4,453,739	10.90%	
2017	465,555	465,555	-	4,119,506	11.30%	
2016	411,800	411,800	-	3,797,635	10.84%	
2015	406,309	406,309	-	3,797,294	10.70%	
2014	367,393	367,393	-	3,776,596	9.73%	
2013	337,885	337,885	-	3,805,941	8.88%	
2012	319,576	319,576	-	3,890,910	8.21%	
2011	298,906	298,906	-	3,797,147	7.87%	
2010	288,880	288,880	-	3,791,184	7.62%	
2009	277,220	277,220	-	3,515,021	7.89%	

## Town of Windham, Connecticut

### Required Supplementary Information - Unaudited Schedule of Changes in the Town's Net Pension Liability and Related Ratios and Schedule of Investment Returns Last Five Fiscal Years

	2018	2017	2016	2015	2014
	Municipal	Municipal	Municipal	Municipal	Municipal
	Employees	Employees	Employees	Employees	Employees
Changes in Net Pension Liability (000's)	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
Total pension liability:					
Service cost	\$ 447,886	\$ 434,840	\$ 369,204	\$ 339,526	\$ 328,517
Interest on total pension liability	1,325,414	1,186,369	1,046,867	951,896	863,773
Plan participants' contributions	-	-	83,448	82,157	79,178
Change in assumptions	1,824,191	-	-	-	-
Effect of economic/demographic gains or (losses)	(180,790)	668,663	247,009	135,707	137,143
Benefit payments	(561,144)	(340,816)	(283,451)	(234,991)	(204,272)
<b>Net change in total pension liability</b>	<b>2,855,557</b>	<b>1,949,056</b>	<b>1,463,077</b>	<b>1,274,295</b>	<b>1,204,339</b>
Total pension liability, beginning	17,499,796	15,550,740	14,087,663	12,813,368	11,609,029
<b>Total pension liability, ending (a)</b>	<b>20,355,353</b>	<b>17,499,796</b>	<b>15,550,740</b>	<b>14,087,663</b>	<b>12,813,368</b>
Fiduciary net position:					
Employer contributions	829,133	560,000	518,719	496,485	629,646
Member contributions	88,394	86,153	83,448	82,157	79,178
Investment income net of investment expenses	531,307	1,713,797	148,346	638,156	1,323,945
Benefit payments	(561,144)	(340,816)	(283,451)	(234,991)	(204,272)
<b>Net change in plan fiduciary net position</b>	<b>887,690</b>	<b>2,019,134</b>	<b>467,062</b>	<b>981,807</b>	<b>1,828,497</b>
Fiduciary net position, beginning	15,632,791	13,613,657	13,146,595	12,164,788	10,336,291
<b>Fiduciary net position, ending (b)</b>	<b>16,520,481</b>	<b>15,632,791</b>	<b>13,613,657</b>	<b>13,146,595</b>	<b>12,164,788</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 3,834,872</b>	<b>\$ 1,867,005</b>	<b>\$ 1,937,083</b>	<b>\$ 941,068</b>	<b>\$ 648,580</b>
Fiduciary net position as a % of total pension liability	81.16%	89.33%	87.54%	93.32%	94.94%
Covered payroll	\$ 6,039,928	\$ 5,926,104	\$ 5,753,499	\$ 5,729,056	\$ 5,310,533
Net pension liability as a % of covered payroll	63.49%	31.50%	33.67%	16.43%	12.21%
	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	4.14%	13.66%	1.11%	5.18%	12.52%

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

## Town of Windham, Connecticut

### Required Supplementary Information - Unaudited Schedule of Changes in the Board of Education's Net Pension Liability and Related Ratios and Schedule of Investment Returns Last Five Fiscal Years

	2018	2017	2016	2015	2014
	BOE	BOE	BOE	BOE	BOE
Changes in Net Pension Liability (000's)	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
Total pension liability:					
Service cost	\$ 254,611	\$ 278,939	\$ 260,773	\$ 248,566	\$ 250,042
Interest on total pension liability	671,537	637,854	608,513	563,878	539,091
Effect of economic/demographic gains or (losses)	34,716	113,754	194,946	(39,598)	-
Effect of assumption changes or inputs	-	-	(268,239)	-	-
Benefit payments	(516,210)	(463,024)	(409,942)	(380,356)	(356,651)
<b>Net change in total pension liability</b>	<b>444,654</b>	<b>567,523</b>	<b>386,051</b>	<b>392,490</b>	<b>432,482</b>
Total pension liability, beginning	10,329,577	9,762,054	9,376,003	8,983,513	8,551,031
<b>Total pension liability, ending (a)</b>	<b>10,774,231</b>	<b>10,329,577</b>	<b>9,762,054</b>	<b>9,376,003</b>	<b>8,983,513</b>
Fiduciary net position:					
Employer contributions	485,352	465,555	411,800	406,309	367,393
Expected net investment income				-	-
Investment income net of investment expenses	439,710	1,089,947	(222,083)	205,472	449,023
Benefit payments	(516,210)	(463,024)	(409,942)	(380,356)	(356,651)
Administrative expenses	(72,623)	(72,602)	(73,255)	(91,584)	(80,084)
<b>Net change in plan fiduciary net position</b>	<b>336,229</b>	<b>1,019,876</b>	<b>(293,480)</b>	<b>139,841</b>	<b>379,681</b>
Fiduciary net position, beginning	9,277,468	8,257,592	8,551,072	8,411,231	8,031,550
<b>Fiduciary net position, ending (b)</b>	<b>9,613,697</b>	<b>9,277,468</b>	<b>8,257,592</b>	<b>8,551,072</b>	<b>8,411,231</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 1,160,534</b>	<b>\$ 1,052,109</b>	<b>\$ 1,504,462</b>	<b>\$ 824,931</b>	<b>\$ 572,282</b>
Fiduciary net position as a % of total pension liability	89.23%	89.81%	84.59%	91.20%	93.63%
Covered payroll	\$ 4,453,739	\$ 4,119,506	\$ 3,797,635	\$ 3,797,294	\$ 3,776,596
Net pension liability as a % of covered payroll	26.06%	25.54%	39.62%	21.72%	15.15%
	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	4.83%	6.21%	3.96%	2.48%	5.67%

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

# Town of Windham, Connecticut

## Required Supplementary Information - Unaudited Schedule of Changes in the Police Net Pension Liability and Related Ratios and Schedule of Investment Returns Last Five Fiscal Years

	2018	2017	2016	2015	2014
	Police	Police	Police	Police	Police
Changes in Net Pension Liability (000's)	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
Total pension liability:					
Service cost	\$ 879,570	\$ 841,694	\$ 623,532	\$ 599,536	\$ 570,987
Interest on total pension liability	1,614,284	1,527,799	1,385,907	1,307,830	1,228,112
Changes of benefit terms	-	-	1,955,797	-	-
Differences between expected and actual experience	94,637	-	(549,303)	-	-
Changes of assumptions	(349,652)	-	741,184	-	-
Benefit payments	(1,282,348)	(1,065,062)	(991,702)	(792,553)	(737,935)
<b>Net change in total pension liability</b>	<b>956,491</b>	<b>1,304,431</b>	<b>3,165,415</b>	<b>1,114,813</b>	<b>1,061,164</b>
Total pension liability, beginning	22,811,961	21,507,530	18,342,115	17,227,302	16,166,138
<b>Total pension liability, ending (a)</b>	<b>23,768,452</b>	<b>22,811,961</b>	<b>21,507,530</b>	<b>18,342,115</b>	<b>17,227,302</b>
Fiduciary net position:					
Employer contributions	1,055,252	1,009,811	-	753,269	816,486
Member contributions	250,922	244,526	233,545	214,434	202,966
Investment income net of investment expenses	(199,964)	1,338,602	2,841,554	94,856	2,457,309
Benefit payments	(1,282,348)	(1,065,062)	(991,702)	(737,129)	(737,935)
<b>Net change in plan fiduciary net position</b>	<b>(176,138)</b>	<b>1,527,877</b>	<b>2,083,397</b>	<b>325,430</b>	<b>2,738,826</b>
Fiduciary net position, beginning	21,106,079	19,578,202	17,494,805	17,169,375	14,485,973
<b>Fiduciary net position, ending (b)</b>	<b>20,929,941</b>	<b>21,106,079</b>	<b>19,578,202</b>	<b>17,494,805</b>	<b>17,224,799</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 2,838,511</b>	<b>\$ 1,705,882</b>	<b>\$ 1,929,328</b>	<b>\$ 847,310</b>	<b>\$ 2,503</b>
Fiduciary net position as a % of total pension liability	88.06%	92.52%	91.03%	95.38%	99.99%
Covered payroll	\$ 2,766,608	\$ 2,952,695	\$ 2,825,545	\$ 2,764,927	\$ 2,633,264
Net pension liability as a % of covered payroll	102.60%	57.77%	68.28%	30.64%	0.10%
	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-0.97%	5.18%	16.57%	0.01%	17.24%

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



## Town of Windham, Connecticut

### Required Supplementary Information - Unaudited Schedule of Changes in the Fire Net Pension Liability and Related Ratios and Schedule of Investment Returns Last Five Fiscal Years

	2018	2017	2016	2015	2014
	Fire	Fire	Fire	Fire	Fire
Changes in Net Pension Liability (000's)	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
Total pension liability:					
Service cost	\$ 473,620	\$ 453,225	\$ 430,295	\$ 413,736	\$ 394,034
Interest on total pension liability	1,008,090	958,755	979,024	932,057	884,978
Differences between expected and actual experience	-	-	262,662	-	-
Changes of assumptions	(352,653)	-	610,157	-	-
Change of benefit terms	(275,033)	-	(920,890)	-	-
Benefit payments	(726,206)	(728,920)	(752,483)	(720,330)	(623,426)
<b>Net change in total pension liability</b>	<b>127,818</b>	<b>683,060</b>	<b>608,765</b>	<b>625,463</b>	<b>655,586</b>
Total pension liability, beginning	14,284,631	13,601,571	12,992,806	12,367,343	11,711,757
<b>Total pension liability, ending (a)</b>	<b>14,412,449</b>	<b>14,284,631</b>	<b>13,601,571</b>	<b>12,992,806</b>	<b>12,367,343</b>
Fiduciary net position:					
Employer contributions	708,361	677,857	-	450,000	551,973
Member contributions	164,696	158,040	155,129	143,628	139,703
Investment income net of investment expenses	(196,114)	723,634	2,050,630	70,695	1,470,873
Benefit payments	(726,206)	(728,920)	(752,483)	(720,330)	(623,426)
<b>Net change in plan fiduciary net position</b>	<b>(49,263)</b>	<b>830,611</b>	<b>1,453,276</b>	<b>(56,007)</b>	<b>1,539,123</b>
Fiduciary net position, beginning	12,231,985	11,401,374	9,948,098	10,004,105	8,464,982
<b>Fiduciary net position, ending (b)</b>	<b>12,182,722</b>	<b>12,231,985</b>	<b>11,401,374</b>	<b>9,948,098</b>	<b>10,004,105</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 2,229,727</b>	<b>\$ 2,052,646</b>	<b>\$ 2,200,197</b>	<b>\$ 3,044,708</b>	<b>\$ 2,363,238</b>
Fiduciary net position as a % of total pension liability	84.53%	85.63%	83.82%	76.57%	80.89%
Covered payroll	\$ 1,870,801	\$ 2,009,650	\$ 1,923,110	\$ 1,884,070	\$ 1,794,352
Net pension liability as a % of covered payroll	119.19%	102.14%	114.41%	161.60%	131.70%
	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-1.97%	6.49%	21.20%	0.01%	17.83%

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

**Town of Windham, Connecticut**

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

Measurement Date, June 30	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	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>\$ 78,028,522</u>	<u>\$ 82,320,688</u>	<u>\$ 62,227,331</u>	<u>\$ 57,516,697</u>
Total	<u>\$ 78,028,522</u>	<u>\$ 82,320,688</u>	<u>\$ 62,227,331</u>	<u>\$ 57,516,697</u>
Town's covered-employee payroll	<u>\$ 23,838,000</u>	<u>\$ 24,730,000</u>	<u>\$ 23,600,000</u>	<u>\$ 21,841,000</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

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

**Town of Windham, Connecticut**

**Required Supplementary Information - Unaudited  
Schedule of Changes in the Total OPEB Liability and Related Ratios  
Last Fiscal Year\***

	2018 OPEB Plan
Changes in Total OPEB Liability	
Total OPEB liability:	
Service cost	\$ 834,730
Interest on total OPEB liability	610,262
Differences between expected and actual experience	(4,986)
Changes of assumptions	(595,204)
Benefit payments	(486,527)
<b>Net change in total         OPEB liability</b>	<b>358,275</b>
Total OPEB liability, beginning	16,452,825
<b>Total OPEB liability, ending</b>	<b>\$ 16,811,100</b>
Covered payroll	\$ 34,818,995
Total OPEB liability as a % of covered payroll	48.28%

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

**Town of Windham, Connecticut**

**Schedule of the Town's Proportionate Share of the Net OPEB Liability - Teachers'  
Retirement Board Health System  
Required Supplementary Information - unaudited  
Last Fiscal Year**

	2018
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	
Total	<u>\$ -</u>
Town's covered payroll	<u>\$ 23,838,000</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>
System fiduciary net position as a percentage of the total OPEB liability	<u>1.79%</u>

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

**Town of Windham, Connecticut**

**Required Supplementary Information-Unaudited  
Combined Statement of Revenues and Expenditures - Budget and Actual - Budgetary Basis -  
General Fund  
For the Year Ended June 30, 2018**

	Total			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes, liens and interest	\$ 37,911,483	\$ 37,911,483	\$ 38,071,659	\$ 160,176
Intergovernmental	31,880,529	31,880,529	30,836,199	(1,044,330)
Licenses and permits	324,900	324,900	330,220	5,320
Fines, forfeitures, and penalties	97,000	97,000	171,190	74,190
Charges for services	2,341,300	2,341,300	1,971,775	(369,525)
Investment income	70,000	70,000	30,362	(39,638)
Other	471,500	471,500	(52,328)	(523,828)
<b>Total revenues</b>	<b>73,096,712</b>	<b>73,096,712</b>	<b>71,359,077</b>	<b>(1,737,635)</b>
<b>Expenditures:</b>				
Current:				
General government	2,317,176	2,363,826	2,360,534	3,292
Public safety	1,679,364	1,679,364	1,661,221	18,143
Public works	3,682,241	3,762,141	3,760,102	2,039
Human services	712,004	712,004	698,102	13,902
Civic and cultural	960,283	960,283	959,411	872
Planning and development	396,399	396,399	376,100	20,299
Benefits and other	3,704,163	3,718,899	3,464,906	253,993
Police	6,956,289	6,859,353	6,620,760	238,593
Fire	2,874,454	3,001,654	2,999,777	1,877
Education	47,326,163	47,355,476	47,326,163	29,313
Debt service:	2,259,863	2,204,000	2,130,933	73,067
Contingency	145,000	-	-	-
<b>Total expenditures</b>	<b>73,013,399</b>	<b>73,013,399</b>	<b>72,358,009</b>	<b>655,390</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>83,313</b>	<b>83,313</b>	<b>(998,932)</b>	<b>(1,082,245)</b>
<b>Other financing sources (uses):</b>				
Transfers in	371,000	371,000	378,059	7,059
Transfers out	(454,313)	(454,313)	(423,845)	30,468
<b>Total other financing sources (uses)</b>	<b>(83,313)</b>	<b>(83,313)</b>	<b>(45,786)</b>	<b>37,527</b>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,044,718)</b>	<b>\$ (1,044,718)</b>

See note to required supplementary information.

## **Town of Windham, Connecticut**

### **Note to Required Supplementary Information - Unaudited**

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#### **Note 1. Budgetary Information and Compliance**

Budgetary information: The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data for the General Fund.

- On or before March 1 and after input from each agency and department of the Town, except the Board of Education (BOE), the Town Manager submits to the Town Council a proposed operating budget for both the Town and the WTD. These two budgets are the driving force of and are operated as "sub-funds" of the combined General Fund. In addition, a program concerning capital improvement projects for the next five fiscal years and a method of financing them for the fiscal year commencing the following July 1, is also submitted.
- On or before March 15, the Town Manager and Town Council presents to the Board of Finance (BOF) a budget prepared for the fiscal year commencing the following July 1 for both the Town and WTD.
- Copies of the budgets are made available to taxpayers five (5) days before the public hearings and five (5) days before the annual budget meeting. One (1) public hearing is held to obtain taxpayer comments. A Town meeting is held on the first Tuesday of May and adjourned to a referendum on the second Tuesday in May. Should the recommended budgets fail at referendum, they are returned to the BOF for adjustments. The budgets are legally enacted no later than seven (7) days after the taxpayers approve them by vote.
- Management cannot amend the budgets without approval of the BOF. Only the BOF is authorized to transfer budgeted amounts.
- The BOF must approve any additional appropriation and a Town Meeting must be held to approve any additional appropriation over \$40,000 for both budgets. During the year ended June 30, 2018, no additional appropriations from fund balance were made.
- 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 budgetary department line item level (i.e. Finance Department, Town Council within the General Government function) for the General Fund, except for the BOE where department control is implemented.
- The budget is prepared on the modified accrual basis of accounting. "On-behalf" payments made by the State of Connecticut into the State Teachers Retirement System are not recorded for budgetary purposes. 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 of the current year.
- All unexpended appropriations lapse at year-end.

**Town of Windham, Connecticut**

**Note to Required Supplementary Information - Unaudited**

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**Note 1. Budgetary Information and Compliance (Continued)**

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP basis). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2018:

	Revenues and Transfers	Expenditures and Transfers
Budgetary basis	\$ 71,737,136	\$ 72,781,854
"On-behalf" payments - state teachers retirement/Health fund	9,956,400	9,956,400
Reclassified to general fund due to GASB No. 54	33,302	53,305
Transfers eliminated due to GASB No. 54	(59,532)	(59,532)
Other	(118,527)	1,200,705
GAAP basis	<u>\$ 81,548,779</u>	<u>\$ 83,932,732</u>

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**Combining and Individual  
Fund Statements and Other Schedules**

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**General Fund**

## **General Fund**

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

**Town of Windham, Connecticut**

**Combining Balance Sheet - General Fund  
June 30, 2018**

	Town	Willimantic Service District	Other Special Revenue Funds	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 605,888	\$ 1,545,256	\$ 44,778	\$ 2,195,922
Receivables:				
Property taxes, net	367,967	650,412	-	1,018,379
Grants and contracts receivable	-	-	-	-
Accounts receivable, net	2,497,817	257,991	-	2,755,808
Due from other funds	5,057,730	-	-	5,057,730
Restricted cash	348,561	-	-	348,561
Inventories	125,772	-	-	125,772
<b>Total assets</b>	<b>\$ 9,003,735</b>	<b>\$ 2,453,659</b>	<b>\$ 44,778</b>	<b>\$ 11,502,172</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,409,910	\$ 80,614	\$ 471	\$ 3,490,995
<b>Total liabilities</b>	<b>3,409,910</b>	<b>80,614</b>	<b>471</b>	<b>3,490,995</b>
Deferred inflows of resources:				
Unavailable resources	314,017	600,086	-	914,103
<b>Total deferred inflows of resources</b>	<b>314,017</b>	<b>600,086</b>	<b>-</b>	<b>914,103</b>
Fund balance:				
Nonspendable	125,772	-	-	125,772
Restricted	348,561	290,202	-	638,763
Unassigned	4,805,475	1,482,757	44,307	6,332,539
<b>Total fund balance</b>	<b>5,279,808</b>	<b>1,772,959</b>	<b>44,307</b>	<b>7,097,074</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 9,003,735</b>	<b>\$ 2,453,659</b>	<b>\$ 44,778</b>	<b>\$ 11,502,172</b>

**Town of Windham, Connecticut**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
General Fund  
For the Year Ended June 30, 2018**

	Town	Willimantic Service District	Other Special Revenue Funds	Eliminations	Total
<b>Revenues:</b>					
Property taxes	\$ 33,379,860	\$ 4,691,798	\$ -	\$ -	\$ 38,071,658
Intergovernmental	36,470,498	4,322,101	-	-	40,792,599
Charges for services	1,704,197	261,464	33,302	-	1,998,963
Licenses and permits	292,066	38,154	-	-	330,220
Fines, forfeitures, and penalties	76,727	94,463	-	-	171,190
Investment income	30,362	-	-	-	30,362
Miscellaneous	(119,512)	73,299	-	-	(46,213)
<b>Total revenues</b>	<b>71,834,198</b>	<b>9,481,279</b>	<b>33,302</b>	<b>-</b>	<b>\$ 81,348,779</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	2,329,545	-	-	-	2,329,545
Public safety	1,661,221	-	-	-	1,661,221
Public works	3,760,102	-	53,305	-	3,813,407
Human services	697,652	-	-	-	697,652
Civic and cultural	999,852	-	-	-	999,852
Planning and development	376,550	-	-	-	376,550
Education	57,224,238	-	-	-	57,224,238
Other	2,897,092	-	-	-	2,897,092
Police	-	6,778,706	-	-	6,778,706
Fire	-	3,597,589	-	-	3,597,589
Miscellaneous	2,000	-	-	-	2,000
<b>Debt service:</b>					
Principal retirements	2,236,666	-	-	-	2,236,666
Interest and other charges	392,267	-	-	-	392,267
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>72,577,185</b>	<b>10,376,295</b>	<b>53,305</b>	<b>-</b>	<b>83,006,785</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(742,987)</b>	<b>(895,016)</b>	<b>(20,003)</b>	<b>-</b>	<b>(1,658,006)</b>
<b>Other financing sources (uses):</b>					
Transfers in	200,000	30,000	29,532	(59,532)	200,000
Transfers out	(711,479)	(274,000)	-	59,532	(925,947)
<b>Total other financing sources (uses)</b>	<b>(511,479)</b>	<b>(244,000)</b>	<b>29,532</b>	<b>-</b>	<b>(725,947)</b>
<b>Net change in fund balance</b>	<b>(1,254,466)</b>	<b>(1,139,016)</b>	<b>9,529</b>	<b>-</b>	<b>(2,383,953)</b>
Fund balances, beginning	6,534,274	2,911,975	34,778	-	9,481,027
Fund balances, ending	\$ 5,279,808	\$ 1,772,959	\$ 44,307	\$ -	\$ 7,097,074

**Town of Windham, Connecticut**

**Schedule of Revenues - Budget and Actual - Budgetary Basis - Town  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
Taxes, liens and interest:				
Current taxes	\$ 31,708,967	\$ 31,708,967	\$ 32,110,792	\$ 401,825
Motor vehicle supplemental	400,000	400,000	616,119	216,119
Prior year taxes	400,000	400,000	274,002	(125,998)
Interest and liens	200,000	200,000	378,946	178,946
<b>Total taxes, liens and interest</b>	<b>32,708,967</b>	<b>32,708,967</b>	<b>33,379,859</b>	<b>670,892</b>
Intergovernmental:				
Emergency management	17,250	17,250	21,850	4,600
Social services block grant	15,000	15,000	-	(15,000)
Education cost sharing grant	24,169,716	24,169,716	24,207,316	37,600
MRSA -Municipal Stabilization Grant	-	-	474,101	474,101
School construction grants	-	-	-	-
Aid to private schools	42,000	42,000	35,136	(6,864)
PILOT 2 - housing authority	35,000	35,000	65,650	30,650
PILOT - state property ECSU	838,554	838,554	767,438	(71,116)
PILOT - elderly circuit breakers	55,000	55,000	-	(55,000)
PILOT - Willimantic HA	38,000	38,000	-	(38,000)
PILOT - totally disabled	2,000	2,000	-	(2,000)
Library grant	1,200	1,200	-	(1,200)
Maintenance of state highways	12,000	12,000	23,844	11,844
Off-track betting tax	30,000	30,000	14,382	(15,618)
PILOT - private colleges and hospitals	187,683	187,683	151,313	(36,370)
Supp municipal aid (former Pequot)	428,944	428,944	428,944	-
Distressed municipalities manufacturing	9,000	9,000	-	(9,000)
PILOT - veterans exemptions	7,000	7,000	-	(7,000)
Municipal Grants-in-Aid	87,398	87,398	-	(87,398)
Town aid road	150,000	150,000	96,836	(53,164)
MRSA bonded distribution	227,287	227,287	227,287	-
MRSA - MV Property Tax G	450,760	450,760	-	(450,760)
MRSA - PILOT	358,185	358,185	-	(358,185)
<b>Total intergovernmental</b>	<b>27,161,977</b>	<b>27,161,977</b>	<b>26,514,097</b>	<b>(647,880)</b>
Licenses and permits:				
Gaming permits	400	400	1,421	1,021
Building permits	170,000	170,000	199,828	29,828
Multi family permits	90,000	90,000	86,320	(3,680)
Animal licenses	3,000	3,000	2,736	(264)
Hunting and fishing licenses	2,500	2,500	1,761	(739)
<b>Total licenses and permits</b>	<b>265,900</b>	<b>265,900</b>	<b>292,066</b>	<b>26,166</b>
Fines, forfeitures and penalties:				
Dog redemption and sale	1,500	1,500	905	(595)
Blight ordinance	10,000	10,000	75,822	65,822
<b>Total fines, forfeitures and penalties</b>	<b>11,500</b>	<b>11,500</b>	<b>76,727</b>	<b>65,227</b>

(Continued)

**Town of Windham, Connecticut**

**Schedule of Revenues - Budget and Actual - Budgetary Basis - Town (Continued)**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
Charges for services:				
Use of town property	\$ 20,000	\$ 20,000	\$ 21,421	\$ 1,421
Refuse fees	15,000	15,000	13,839	(1,161)
Miscellaneous fees	10,000	10,000	6,115	(3,885)
Ambulance fees	1,211,000	1,211,000	1,162,324	(48,676)
Shared services	40,000	40,000	33,000	(7,000)
Grave openings	15,000	15,000	21,700	6,700
Foundations	100	100	-	(100)
Town photocopies	16,000	16,000	13,630	(2,370)
Recording fees	75,000	75,000	67,801	(7,199)
Telecommunications	40,000	40,000	25,120	(14,880)
Vital statistics	80,000	80,000	63,910	(16,090)
Real estate conveyance	200,000	200,000	246,040	46,040
Fire marshal plan review	9,800	9,800	5,215	(4,585)
Fire marshal inspection fee	10,000	10,000	4,020	(5,980)
Fire marshal permit and fees	200	200	115	(85)
Other charges for services	6,000	6,000	158	(5,842)
Engineering fees	2,000	2,000	4,105	2,105
Zoning fees	7,000	7,000	6,365	(635)
Notary fees	3,000	3,000	2,815	(185)
BOE tuition from other towns	200,000	200,000	12,618	(187,382)
<b>Total charges for services</b>	<b>1,960,100</b>	<b>1,960,100</b>	<b>1,710,311</b>	<b>(249,789)</b>
Investment income	40,000	40,000	30,362	(9,638)
Other:				
Financial services - Windham First Taxing District	38,000	38,000	29,895	(8,105)
Eviction receipts	500	500	193	(307)
Insurance reimbursement	5,000	5,000		(5,000)
Miscellaneous	160,000	160,000	(155,715)	(315,715)
<b>Total other</b>	<b>203,500</b>	<b>203,500</b>	<b>(125,627)</b>	<b>(329,127)</b>
Other financing uses:				
Transfer in - school readiness	61,000	61,000	63,059	2,059
Transfer in - sewer fund	100,000	100,000	100,000	-
Transfer in - water fund	100,000	100,000	100,000	-
Transfer in - Willimantic Taxing District	85,000	85,000	85,000	-
<b>Total other financing uses</b>	<b>346,000</b>	<b>346,000</b>	<b>348,059</b>	<b>2,059</b>
<b>Total revenues and other financing sources</b>	<b>\$ 62,697,944</b>	<b>\$ 62,697,944</b>	<b>\$ 62,225,854</b>	<b>\$ (472,090)</b>



## Town of Windham, Connecticut

### Schedule of Revenues - Budget and Actual - Budgetary Basis - Willimantic Taxing District For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
<b>Taxes, liens and interest:</b>				
Current taxes	\$ 5,042,516	\$ 5,042,516	\$ 4,522,410	\$ (520,106)
Motor vehicle supplemental	45,000	45,000	2,148	(42,852)
Prior Years Taxes	70,000	70,000	43,709	(26,291)
Interest and liens	45,000	45,000	123,533	78,533
<b>Total Taxes, Liens and Interest</b>	<b>5,202,516</b>	<b>5,202,516</b>	<b>4,691,800</b>	<b>(510,716)</b>
<b>Intergovernmental:</b>				
PILOT - state property ECSU	1,956,626	1,956,626	1,790,690	(165,936)
PILOT - elderly freeze	-	-	-	-
PILOT - elderly circuit breakers	55,000	55,000		(55,000)
PILOT - housing authority	35,000	35,000	65,650	30,650
PILOT - totally disabled	2,000	2,000		(2,000)
PILOT 2 - housing authority	84,000	84,000	-	(84,000)
PILOT - private colleges and hospitals	437,928	437,928	353,063	(84,865)
Supp municipal aid (former Pequot)	428,945	428,945	428,945	-
Distressed municipalities manufacturing	9,000	9,000	-	(9,000)
PILOT - veterans exemptions	7,000	7,000		(7,000)
MRSA bonded obligation	227,288	227,288	227,288	-
MRSA - MV Property Tax G	640,000	640,000	350,231	(289,769)
MRSA - PILOT	835,765	835,765		(835,765)
Municipal Stabilization Grant	-	-	1,106,235	1,106,235
<b>Total intergovernmental</b>	<b>4,718,552</b>	<b>4,718,552</b>	<b>4,322,102</b>	<b>(396,450)</b>
<b>Licenses and permits:</b>				
Parking permits	45,000	45,000	32,204	(12,796)
Miscellaneous permits	14,000	14,000	5,950	(8,050)
<b>Total licenses and permits</b>	<b>59,000</b>	<b>59,000</b>	<b>38,154</b>	<b>(20,846)</b>
<b>Fines, forfeitures and penalties:</b>				
Parking fines	80,000	80,000	87,829	7,829
Fines to towns	5,000	5,000	6,234	1,234
False alarms	500	500	400	(100)
<b>Total fines, forfeitures and penalties</b>	<b>85,500</b>	<b>85,500</b>	<b>94,463</b>	<b>8,963</b>
<b>Charges for services:</b>				
Private police services	370,000	370,000	256,010	(113,990)
Private fire services	10,000	10,000	3,736	(6,264)
Police, fire and ambulance reports	1,200	1,200	1,718	518
<b>Total charges for services</b>	<b>381,200</b>	<b>381,200</b>	<b>261,464</b>	<b>(119,736)</b>
Investment income	30,000	30,000	-	(30,000)
<b>Other:</b>				
BOE youth services officer reimbursement	50,000	50,000	50,000	-
Telecommunications	43,000	43,000	25,120	(17,880)
Miscellaneous	175,000	175,000	(1,821)	(176,821)
<b>Total Other</b>	<b>268,000</b>	<b>268,000</b>	<b>73,299</b>	<b>(194,701)</b>
<b>Other financing uses:</b>				
Transfer in - WSD	25,000	25,000	30,000	5,000
<b>Total revenues and operating transfers</b>	<b>\$ 10,769,768</b>	<b>\$ 10,769,768</b>	<b>\$ 9,511,282</b>	<b>\$ (1,258,486)</b>

**Town of Windham, Connecticut**

**Schedule of Expenditures and Other Financing Uses - Budget and Actual -  
Budgetary Basis - Town  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
General government:				
Board of finance	\$ 77,800	\$ 88,500	\$ 88,336	\$ 164
Town council	35,800	44,900	44,666	234
Municipal administration	299,750	326,350	326,247	103
Finance/treasury	495,280	492,880	492,514	366
Tax/revenue collection	306,040	298,640	298,406	234
Assessor	242,475	242,775	242,502	273
Board of assessment appeals	350	250	130	120
Town clerk/recording	224,620	218,620	218,150	470
Elections	84,340	74,440	73,924	516
Registrar of voters	-	-	-	-
Legal counsel	40,000	64,500	64,411	89
Probate court	8,286	8,286	8,286	-
Town hall	140,685	138,985	138,585	400
Town central services	52,000	56,500	56,453	47
Aid to private schools	42,000	35,200	35,136	64
Information technology	181,750	183,900	183,769	131
Personnel	86,000	89,100	89,019	81
<b>Total general government</b>	<b>2,317,176</b>	<b>2,363,826</b>	<b>2,360,534</b>	<b>3,292</b>
Public safety:				
Fire marshal/emergency management	109,233	109,233	102,488	6,745
Animal control	62,300	62,300	59,724	2,576
Ambulance	1,507,831	1,507,831	1,499,009	8,822
<b>Total public safety</b>	<b>1,679,364</b>	<b>1,679,364</b>	<b>1,661,221</b>	<b>18,143</b>
Public works:				
Engineering	134,683	131,683	131,458	225
Roads and drainage	551,000	569,400	569,302	98
Machinery and equipment	461,800	443,000	442,770	230
Snow removal	99,500	139,000	138,902	98
Public works maintenance	57,225	46,925	46,284	641
Traffic control & street lighting	302,567	304,267	304,105	162
Public works administration	227,100	228,800	228,790	10
Park maintenance	236,950	234,450	234,390	60
Building	98,375	53,875	53,730	145
Cemeteries	146,600	150,000	149,885	115
Solid waste removal	1,366,441	1,460,741	1,460,486	255
<b>Total public works</b>	<b>3,682,241</b>	<b>3,762,141</b>	<b>3,760,102</b>	<b>2,039</b>

(Continued)

**Town of Windham, Connecticut**

**Schedule of Expenditures and Other Financing Uses - Budget and Actual -  
Budgetary Basis - Town (Continued)  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
Human services:				
Human services	\$ 221,210	\$ 183,160	\$ 169,911	\$ 13,249
Public assistance	208,507	208,507	208,347	160
Windham Health Department	115,811	115,911	115,811	100
Senior center	166,476	204,426	204,033	393
<b>Total human services</b>	<b>712,004</b>	<b>712,004</b>	<b>698,102</b>	<b>13,902</b>
Civic and cultural donations:				
Willimantic Public Library	604,217	573,667	573,236	431
Recreation administration	200,366	206,716	206,622	94
Recreation general programs	73,700	75,650	75,545	105
Recreation center	82,000	104,250	104,008	242
<b>Total civic and cultural</b>	<b>960,283</b>	<b>960,283</b>	<b>959,411</b>	<b>872</b>
Planning and development:				
Land use boards	7,400	7,400	1,540	5,860
Economic development	97,833	102,833	101,508	1,325
Economic development commission	500	600	502	98
Code enforcement	179,933	183,033	182,832	201
Town planner	109,483	101,283	89,418	11,865
Energy commission	750	750	230	520
Windham Historic District	500	500	70	430
<b>Total planning and development</b>	<b>396,399</b>	<b>396,399</b>	<b>376,100</b>	<b>20,299</b>
Other:				
Fringe benefits	2,953,291	2,953,291	2,734,051	219,240
Risk management	160,160	160,160	133,042	27,118
<b>Total other</b>	<b>3,113,451</b>	<b>3,113,451</b>	<b>2,867,093</b>	<b>246,358</b>
Town contingency	100,000	-	-	-
Debt service:				
Bond payments - principal	1,821,965	1,795,415	1,736,666	58,749
Bond payments - interest	406,585	406,585	392,267	14,318
Miscellaneous	2,000	2,000	2,000	-
<b>Total debt service</b>	<b>2,230,550</b>	<b>2,204,000</b>	<b>2,130,933</b>	<b>73,067</b>
<b>Total general government</b>	<b>15,191,468</b>	<b>15,191,468</b>	<b>14,813,496</b>	<b>377,972</b>

(Continued)

**Town of Windham, Connecticut**

**Schedule of Expenditures and Other Financing Uses - Budget and Actual -  
Budgetary Basis - Town (Continued)  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
Board of Education	\$ 47,326,163	\$ 47,326,163	\$ 47,326,163	\$ -
Other financing uses:				
Transfer out - Kramer Building Fund	30,000	30,000	30,000	-
Transfer out- Recreation Revolving Fund	60,000	60,000	29,532	30,468
Transfer out - Reserve for Capital Improvement Fund	35,313	35,313	35,313	-
Transfer out	5,000	5,000	5,000	
Transfer out - Willimantic Taxing District	25,000	25,000	25,000	-
Transfer out - Revaluation	25,000	25,000	25,000	-
<b>Total other financing uses</b>	<b>180,313</b>	<b>180,313</b>	<b>149,845</b>	<b>30,468</b>
<b>Total expenditures and other financing uses</b>	<b>\$ 62,697,944</b>	<b>\$ 62,697,944</b>	<b>\$ 62,289,504</b>	<b>\$ 408,440</b>

**Town of Windham, Connecticut**

**Schedule of Expenditures and Other Financing Uses - Budget and Actual -  
Budgetary Basis - Willimantic Taxing District  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Police:				
Administration	\$ 740,920	\$ 740,500	\$ 736,304	\$ 4,196
Patrol services	3,202,900	3,106,384	2,954,374	152,010
Parking control	40,500	40,500	39,340	1,160
Support services	328,200	355,800	355,209	591
Fringe benefits	2,302,969	2,256,769	2,176,297	80,472
Detective/youth/identification	340,800	359,400	359,236	164
<b>Total police</b>	<b>6,956,289</b>	<b>6,859,353</b>	<b>6,620,760</b>	<b>238,593</b>
Fire:				
Administration	163,650	147,850	147,470	380
Fire prevention	53,250	31,750	31,533	217
Operations and maintenance	1,584,300	1,855,400	1,854,627	773
Central services	8,200	6,400	6,238	162
Fringe benefits	1,065,054	960,254	959,909	345
<b>Total fire</b>	<b>2,874,454</b>	<b>3,001,654</b>	<b>2,999,777</b>	<b>1,877</b>
Other:				
Safety complex	590,712	605,448	597,813	7,635
WSD contingency	45,000	-	-	-
Debt service:				
Bond payments - principal	20,313	20,313	-	20,313
Bond payments - interest	9,000	9,000	-	9,000
	<b>29,313</b>	<b>29,313</b>	<b>-</b>	<b>29,313</b>
Other financing uses:				
Transfer out - town services	189,000	189,000	189,000	-
Transfer out - RCIP	85,000	85,000	85,000	-
<b>Total other financing uses</b>	<b>274,000</b>	<b>274,000</b>	<b>274,000</b>	<b>-</b>
<b>Total expenditures and other financing uses</b>	<b>\$ 10,769,768</b>	<b>\$ 10,769,768</b>	<b>\$ 10,492,350</b>	<b>\$ 277,418</b>

**Town of Windham, Connecticut**

**Schedule of Property Taxes Levied, Collected and Outstanding -  
District 1  
For the Year Ended June 30, 2018**

Grand List Year	Mill Rate	Uncollected Taxes/Levy July 1, 2017	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2018
			Additions	Deletions			Taxes	Liens and Interest	Suspense Collections	Total	
2002	25.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 250	\$ -
2003	27.84	-	-	-	-	-	-	-	12	12	-
2004	27.87	-	-	-	-	-	-	-	48	48	-
2005	23.95	-	-	-	-	-	-	-	249	249	-
2006	24.93	-	-	-	-	-	-	-	1,370	1,370	-
2007	24.94	-	-	-	-	-	-	-	4,401	4,401	-
2008	25.29	-	-	-	-	-	-	-	285	285	-
2009	26.87	-	-	-	-	-	-	-	181	181	-
2010	28.15	936	-	-	-	936	-	464	583	1,047	936
2011	28.63	1,347	-	-	-	1,347	197	126	596	919	1,150
2012	29.06	3,242	-	-	-	3,242	2,074	1,033	643	3,750	1,168
2013	32.41	10,913	1,270	-	(1,428)	10,755	7,088	3,917	1,578	12,583	3,667
2014	34.35	28,708	6,763	924	(3,337)	31,210	25,806	5,207	5,424	36,437	5,404
2015	35.35	342,349	8,387	471	(19,242)	331,023	256,710	46,051	-	302,761	74,313
		387,495	16,420	1,395	(24,007)	378,513	291,875	56,798	15,620	364,293	86,638
2016	36.65	<u>\$ 15,303,083</u>	38,669	589	(76,894)	15,264,269	15,046,506	69,978	-	15,116,484	217,763
			<u>\$ 55,089</u>	<u>\$ 1,984</u>	<u>\$ (100,901)</u>	<u>\$ 15,642,782</u>	<u>\$ 15,338,381</u>	<u>\$ 126,776</u>	<u>\$ 15,620</u>	<u>\$ 15,480,777</u>	<u>\$ 304,401</u>

Note: The 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008 and 2009 mill rates shown above exclude 1.55 mills, 1.50 mills, 1.59 mills, 1.87 mills, 1.58 mills, 1.48 mills, 1.55 mills, 1.62 mills, 1.625 mills, 1.56 mills, 1.35 mills and 1.49 mills representing taxes levied by the Town for the Windham First Taxing District.

**Town of Windham, Connecticut**

**Schedule of Property Taxes Levied, Collected and Outstanding -  
District 2**

**For the Year Ended June 30, 2018**

Grand List Year	Mill Rate	Uncollected Taxes/Levy July 1, 2017	Lawful Corrections		Transfers to (from) Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2018
			Additions	Deletions			Taxes	Liens and Interest	Suspense Collection	Total	
2002	37.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 437	\$ 437	\$ -
2003	42.22	-	-	-	-	-	-	-	418	418	-
2004	42.84	-	-	-	-	-	-	-	759	759	-
2005	30.93	-	-	-	-	-	-	-	776	776	-
2006	34.11	-	-	-	-	-	-	-	585	585	-
2007	34.94	-	-	-	-	-	-	-	1,370	1,370	-
2008	35.29	2,785	-	-	-	2,785	1,528	2,247	1,377	5,152	1,257
2009	36.68	41,818	-	-	(2,286)	39,532	-	725	1,752	2,477	39,532
2010	36.68	65,190	-	-	(848)	64,342	-	-	1,350	1,350	64,342
2011	38.67	67,192	-	-	(864)	66,328	79	99	2,464	2,642	66,249
2012	39.29	95,560	-	-	(878)	94,682	2,985	2,319	5,298	10,602	91,697
2013	43.61	90,237	-	-	(815)	89,422	23,308	11,938	10,094	45,340	66,114
2014	44.04	125,035	2,512	15	(1,668)	125,864	48,132	17,549	19,847	85,528	77,732
2015	46.28	486,018	4,991	991	(45,446)	444,572	296,297	53,144	-	349,441	148,275
		973,835	7,503	1,006	(52,805)	927,527	372,329	88,021	46,527	506,877	555,198
2016	47.61	<u>\$ 22,352,581</u>	55,937	6,183	(124,446)	22,277,889	21,852,671	111,055	-	21,963,726	425,218
			<u>\$ 63,440</u>	<u>\$ 7,189</u>	<u>\$ (177,251)</u>	<u>\$ 23,205,416</u>	<u>\$ 22,225,000</u>	<u>\$ 199,076</u>	<u>\$ 46,527</u>	<u>\$ 22,470,603</u>	<u>\$ 980,416</u>

**Town of Windham, Connecticut**

**Schedule of Debt Limitation  
Connecticut General Statutes, Section 7-374(B)  
June 30, 2018**

Tax receipts for the year ended June 30, 2018:

Tax collections (including interest and lien fees)	\$ 37,951,380
Tax relief for the elderly (CGS 12-129d)	-

**Base for debt limitation computations**

**\$ 37,951,380**

	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
Debt limitation:					
2-1/4 times base	\$ 85,390,605	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	170,781,210	-	-	-
3-3/4 times base	-	-	142,317,675	-	-
3-1/4 times base	-	-	-	123,341,985	-
3 times base	-	-	-	-	113,854,140
<b>Total debt limitation</b>	<b>85,390,605</b>	<b>170,781,210</b>	<b>142,317,675</b>	<b>123,341,985</b>	<b>113,854,140</b>
Debt as defined by statute:					
Bonds and notes payable	12,911,100	-	-	-	-
Less amount to be reimbursed by State	-	-	-	-	-
Add bonds authorized and unissued	15,317,635	92,300,980	-	-	-
<b>Total indebtedness</b>	<b>28,228,735</b>	<b>92,300,980</b>	<b>-</b>	<b>-</b>	<b>-</b>
Debt limitation in excess of indebtedness	<b>\$ 57,161,870</b>	<b>\$ 78,480,230</b>	<b>\$ 142,317,675</b>	<b>\$ 123,341,985</b>	<b>\$ 113,854,140</b>
Total capacity of borrowing (7 times base):	\$ 265,659,660				
Total present indebtedness	120,529,715				
Margin for additional borrowing	<b>\$ 145,129,945</b>				



## **Nonmajor Governmental Funds**

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special Revenue Funds are established in the City pursuant to State Statutes and local ordinance or resolution. Special revenue funds are a governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

### **Capital Projects Funds**

Capital Projects Funds are used to account for financial resource to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

### **Debt Service Fund**

Debt Service Fund is a governmental fund type used to account for resources to be used to pay long-term obligations.

### **Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes as defined by the grantor. The Town's permanent funds include funds for public safety, parks and recreation, human services, and education

**Town of Windham, Connecticut**

**Combining Balance Sheet - Nonmajor Governmental Funds - by Fund Type  
June 30, 2018**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,534,622	\$ 304,313	\$ 38,881	\$ -	\$ 1,877,816
Investments	-	-	731,128	-	731,128
Receivables:					
Grants and contracts receivable	574,541	-	-	-	574,541
Accounts receivable, net	285,293	-	1,711	-	287,004
Notes receivable, net	59,372	-	-	-	59,372
Due from other funds	-	-	-	-	-
Inventories	18,770	-	-	-	18,770
<b>Total assets</b>	<b>\$ 2,472,598</b>	<b>\$ 304,313</b>	<b>\$ 771,720</b>	<b>\$ -</b>	<b>\$ 3,548,631</b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 199,235	\$ 7,484	\$ 450	\$ -	\$ 207,169
Due to other funds	-	-	-	128,434	128,434
Unearned revenue	454,011	80,002	-	-	534,013
<b>Total liabilities</b>	<b>653,246</b>	<b>87,486</b>	<b>450</b>	<b>128,434</b>	<b>869,616</b>
Deferred inflows of resources:					
Unavailable resources	169,784	-	-	-	169,784
<b>Total deferred inflows of resources</b>	<b>169,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169,784</b>
Fund balances (deficit):					
Nonspendable	18,770	-	298,896	-	317,666
Restricted	1,734,055	224,730	472,374	-	2,431,159
Committed	-	-	-	-	-
Unassigned	(103,257)	(7,903)	-	(128,434)	(239,594)
<b>Total fund balances (deficits)</b>	<b>1,649,568</b>	<b>216,827</b>	<b>771,270</b>	<b>(128,434)</b>	<b>2,509,231</b>
<b>Total liabilities, deferred inflow of resources and fund balances (deficits)</b>	<b>\$ 2,472,598</b>	<b>\$ 304,313</b>	<b>\$ 771,720</b>	<b>\$ -</b>	<b>\$ 3,548,631</b>

**Town of Windham, Connecticut**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -  
Nonmajor Governmental Funds - by Fund Type  
For the Year Ended June 30, 2018**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Intergovernmental	\$ 5,230,291	\$ 142,262	\$ -	\$ -	\$ 5,372,553
Charges for services	326,157	5,853	-	-	332,010
Investment earnings	13,888	-	50,691	-	64,579
Miscellaneous	305,498	3,906	20,341	-	329,745
Donations and Contributions	423,304	-	-	-	423,304
<b>Total revenues</b>	<b>6,299,138</b>	<b>152,021</b>	<b>71,032</b>	<b>-</b>	<b>6,522,191</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	53,978	-	-	-	53,978
Public safety	325,188	-	-	-	325,188
Public works	279,218	-	2,843	-	282,061
Civic and cultural	198,934	-	3,488	-	202,422
Planning and development	-	-	-	-	-
Education	5,682,792	-	-	-	5,682,792
Debt issuance costs	-	-	-	55,148	55,148
Interest	-	-	-	197,850	197,850
Lease repayments	-	-	-	-	-
Capital outlays	-	297,453	-	-	297,453
<b>Total expenditures</b>	<b>6,540,110</b>	<b>297,453</b>	<b>6,331</b>	<b>252,998</b>	<b>7,096,892</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(240,972)</b>	<b>(145,432)</b>	<b>64,701</b>	<b>(252,998)</b>	<b>(574,701)</b>
<b>Other financing sources (uses):</b>					
Bond premiums	-	-	-	150,560	150,560
Transfers in	701,634	224,313	-	-	925,947
<b>Total other financing sources (uses)</b>	<b>701,634</b>	<b>224,313</b>	<b>-</b>	<b>150,560</b>	<b>1,076,507</b>
<b>Net change in fund balances</b>	<b>460,662</b>	<b>78,881</b>	<b>64,701</b>	<b>(102,438)</b>	<b>501,806</b>
Fund balances (deficits), beginning	1,188,906	137,946	706,569	(25,996)	2,007,425
Fund balances (deficits), ending	\$ 1,649,568	\$ 216,827	\$ 771,270	\$ (128,434)	\$ 2,509,231

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**Town of Windham, Connecticut**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2018**

	Cafeteria Fund	School Readiness/ Quality Enhancement Fund	Miscellaneous BOE Funds	Historic Preservation Fund	Small Cities Fund
<b>Assets</b>					
Cash and cash equivalents	\$ 509,952	\$ 68,152	\$ 268,206	\$ 22,142	
Receivables:					
Grants and contracts receivable	444,629	-	-	-	-
Accounts receivable	-	-	284,915	-	-
Notes receivable, net	-	-	-	-	-
Inventories	18,770	-	-	-	-
<b>Total assets</b>	<b>\$ 973,351</b>	<b>\$ 68,152</b>	<b>\$ 553,121</b>	<b>\$ 22,142</b>	<b>\$ -</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 21,500	\$ 65,171	\$ 42,810	\$ -	\$ -
Due to other funds		-	-	-	-
Unearned revenue		2,981	335,849	-	-
<b>Total liabilities</b>	<b>21,500</b>	<b>68,152</b>	<b>378,659</b>	<b>-</b>	<b>-</b>
Deferred inflows of resources:					
Unavailable resources	-	-	-	-	-
<b>Total deferred inflows     of resources</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>
Fund balances(Deficits):					
Nonspendable	18,770	-	-	-	
Restricted	933,081	-	174,462	22,142	-
Unassigned	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>951,851</b>	<b>-</b>	<b>174,462</b>	<b>22,142</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 973,351</b>	<b>\$ 68,152</b>	<b>\$ 553,121</b>	<b>\$ 22,142</b>	<b>\$ -</b>

Community Development Fund	Small Cities 1994 NE Alliance Fund	Town Aid Road Fund	Windham / Willimantic Child Care Grant Fund	Public Library Fund	C-PACE Fund	Recreation Revolving Fund
\$ 15,653	\$ 189,971	\$ 22,425	\$ -	\$ 9,518	\$ 550	\$ 153,578
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	59,372	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 15,653</u>	<u>\$ 249,343</u>	<u>\$ 22,425</u>	<u>\$ -</u>	<u>\$ 9,518</u>	<u>\$ 550</u>	<u>\$ 153,578</u>
\$ -	\$ -	\$ 22,425	\$ -	\$ -	\$ -	\$ 3,744
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	22,425	-	-	-	3,744
-	59,372	-	-	-	-	-
-	59,372	-	-	-	-	-
-	-	-	-	-	-	-
15,653	189,971	-	-	9,518	550	149,834
-	-	-	-	-	-	-
<u>15,653</u>	<u>189,971</u>	<u>-</u>	<u>-</u>	<u>9,518</u>	<u>550</u>	<u>149,834</u>
<u>\$ 15,653</u>	<u>\$ 249,343</u>	<u>\$ 22,425</u>	<u>\$ -</u>	<u>\$ 9,518</u>	<u>\$ 550</u>	<u>\$ 153,578</u>

(Continued)

**Town of Windham, Connecticut**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2018**

	Public Safety Donation Fund	Officer Incentive Forfeiture Fund	Public Transportation Fund	Town Incentive Housing Overlay Fund	Open Space Fund
<b>Assets</b>					
Cash and cash equivalents	\$ -	128,884	\$ -	22,500	\$ 2,992
Receivables:					
Grants and contracts receivable	30,986	-	-	-	-
Accounts receivable	-	-	-	-	-
Notes receivable, net	-	-	-	-	-
Inventories	-	-	-	-	-
<b>Total assets</b>	<b>\$ 30,986</b>	<b>\$ 128,884</b>	<b>\$ -</b>	<b>\$ 22,500</b>	<b>\$ 2,992</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 23,831	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	22,500	-
<b>Total liabilities</b>	<b>23,831</b>	<b>-</b>	<b>-</b>	<b>22,500</b>	<b>-</b>
Deferred inflows of resources:					
Unavailable resources	30,986	-	-	-	-
<b>Total deferred inflows     of resources</b>	<b>30,986</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	128,884	-	-	2,992
Unassigned	(23,831)	-	-	-	-
<b>Total fund balances</b>	<b>(23,831)</b>	<b>128,884</b>	<b>-</b>	<b>-</b>	<b>2,992</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 30,986</b>	<b>\$ 128,884</b>	<b>\$ -</b>	<b>\$ 22,500</b>	<b>\$ 2,992</b>



DERP Grant Fund	Town Beautification Fund	Probate Court District Fund	Drug-Free Communities Year Fund	General Government Grant Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ 113,131	\$ -	\$ -	\$ 6,968	\$ 1,534,622
19,500	-	-	79,426	-	574,541
-	-	378	-	-	285,293
-	-	-	-	-	59,372
-	-	-	-	-	18,770
<u>\$ 19,500</u>	<u>\$ 113,131</u>	<u>\$ 378</u>	<u>\$ 79,426</u>	<u>\$ 6,968</u>	<u>\$ 2,472,598</u>
\$ -	\$ 13,131	\$ 378	\$ 6,245	\$ -	199,235
-	-	-	-	-	-
19,500	-	-	73,181	-	454,011
<u>19,500</u>	<u>13,131</u>	<u>378</u>	<u>79,426</u>	<u>-</u>	<u>653,246</u>
-	-	-	79,426	-	169,784
-	-	-	79,426	-	169,784
-	-	-	-	-	18,770
-	100,000	-	-	6,968	1,734,055
-	-	-	(79,426)	-	(103,257)
-	100,000	-	(79,426)	6,968	1,649,568
<u>\$ 19,500</u>	<u>\$ 113,131</u>	<u>\$ 378</u>	<u>\$ 79,426</u>	<u>\$ 6,968</u>	<u>\$ 2,472,598</u>

**Town of Windham, Connecticut**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2018**

	Cafeteria Fund	School Readiness/ Quality Initiative Grant Fund	Miscellaneous BOE Funds	Historic Preservation Fund	Small Cities Fund
Revenues:					
Intergovernmental	\$ 2,187,830	\$ 1,444,540	\$ 679,669	\$ 5,000	\$ -
Charges for services	223,563	-	-	3,741	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	251,191	3,059	-
Donations and contributions	-	-	415,606	-	-
<b>Total revenues</b>	<b>2,411,393</b>	<b>1,444,540</b>	<b>1,346,466</b>	<b>11,800</b>	<b>-</b>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Civic and cultural	-	-	-	8,409	-
Planning and development	-	-	-	-	-
Education	2,097,870	1,444,540	1,987,203	-	-
<b>Total expenditures</b>	<b>2,097,870</b>	<b>1,444,540</b>	<b>1,987,203</b>	<b>8,409</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>313,523</b>	<b>-</b>	<b>(640,737)</b>	<b>3,391</b>	<b>-</b>
Other financing sources (uses):					
Transfers in	-	-	671,634	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>671,634</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>313,523</b>	<b>-</b>	<b>30,897</b>	<b>3,391</b>	<b>-</b>
Fund balances, beginning	638,328	-	143,565	18,751	-
Fund balances, ending	\$ 951,851	\$ -	\$ 174,462	\$ 22,142	\$ -

Community Development Fund	Small Cities 1994 NE Alliance Fund	Town Aid Road Fund	Windham/ Willimantic Child Care Grant Fund	Public Library Fund	C-PACE Fund	Recreation Revolving Fund
\$ -	\$ 102,988	\$ 269,082	\$ 153,179	\$ -	\$ -	\$ 9,996
-	-	-	-	-	-	98,853
-	13,888	-	-	-	-	-
17,200	-	10,136	-	-	7,192	-
-	-	-	-	3,110	-	-
17,200	116,876	279,218	153,179	3,110	7,192	108,849
-	-	-	-	-	6,692	-
-	-	-	-	-	-	-
-	-	279,218	-	-	-	-
54,500	17,584	-	-	4,668	-	113,773
-	-	-	-	-	-	-
-	-	-	153,179	-	-	-
54,500	17,584	279,218	153,179	4,668	6,692	113,773
(37,300)	99,292	-	-	(1,558)	500	(4,924)
-	-	-	-	-	-	25,000
-	-	-	-	-	-	-
-	-	-	-	-	-	25,000
(37,300)	99,292	-	-	(1,558)	500	20,076
52,953	90,679	-	-	11,076	50	129,758
\$ 15,653	\$ 189,971	\$ -	\$ -	\$ 9,518	\$ 550	\$ 149,834

(Continued)

**Town of Windham, Connecticut**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Nonmajor Special Revenue Funds (Continued)  
For the Year Ended June 30, 2018**

	Public Safety Donation Fund	Officer Incentive Forfeiture Fund	Town Incentive Housing Overlay Fund	Open Space Fund	DERP Grant Fund
Revenues:					
Intergovernmental	\$ 40,771	\$ 18,039	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	2,720	-
Donations and contributions	-	-	-	-	-
<b>Total revenues</b>	<b>40,771</b>	<b>18,039</b>	<b>-</b>	<b>2,720</b>	<b>-</b>
Expenditures:					
Current:					
General government	-	-	-	1,008	-
Public safety	27,231	82,964	-	-	-
Public works	-	-	-	-	-
Civic and cultural	-	-	-	-	-
Planning and development	-	-	-	-	-
Education	-	-	-	-	-
<b>Total expenditures</b>	<b>27,231</b>	<b>82,964</b>	<b>-</b>	<b>1,008</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>13,540</b>	<b>(64,925)</b>	<b>-</b>	<b>1,712</b>	<b>-</b>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>13,540</b>	<b>(64,925)</b>	<b>-</b>	<b>1,712</b>	<b>-</b>
Fund balances, beginning	(37,371)	193,809	-	1,280	-
Fund balances, ending	\$ (23,831)	\$ 128,884	\$ -	\$ 2,992	\$ -

Probate Court District Fund	Town Beautification Fund	Drug-Free Communities Year Fund	General Government Grant Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ 81,697	\$ 237,500	\$ -	\$ 5,230,291
-	-	-	-	326,157
-	-	-	-	13,888
-	-	-	14,000	305,498
-	-	-	4,588	423,304
-	81,697	237,500	18,588	6,299,138
-	33,148	-	13,130	53,978
-	-	214,993	-	325,188
-	-	-	-	279,218
-	-	-	-	198,934
-	-	-	-	-
-	-	-	-	5,682,792
-	33,148	214,993	13,130	6,540,110
-	48,549	22,507	5,458	(240,972)
-	5,000	-	-	701,634
-	-	-	-	-
-	5,000	-	-	701,634
-	53,549	22,507	5,458	460,662
-	46,451	(101,933)	1,510	1,188,906
\$ -	\$ 100,000	\$ (79,426)	\$ 6,968	\$ 1,649,568

**Town of Windham, Connecticut**

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2018**

	LoCIP Projects Fund	Town Capital Improvements Fund	WSD Capital Improvements Fund	Town Garage Fund	Total Nonmajor Capital Projects Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 82,280	\$ (7,903)	\$ 203,083	\$ 26,853	\$ 304,313
<b>Total assets</b>	<b>\$ 82,280</b>	<b>\$ (7,903)</b>	<b>\$ 203,083</b>	<b>\$ 26,853</b>	<b>\$ 304,313</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 2,278	\$ -	\$ 781	\$ 4,425	\$ 7,484
Unearned revenue	80,002	-	-	-	80,002
<b>Total liabilities</b>	<b>82,280</b>	<b>-</b>	<b>781</b>	<b>4,425</b>	<b>87,486</b>
Fund balances (deficit):					
Restricted	-	-	202,302	22,428	224,730
Unassigned	-	(7,903)	-	-	(7,903)
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>(7,903)</b>	<b>202,302</b>	<b>22,428</b>	<b>216,827</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 82,280</b>	<b>\$ (7,903)</b>	<b>\$ 203,083</b>	<b>\$ 26,853</b>	<b>\$ 304,313</b>

**Town of Windham, Connecticut**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Capital Projects Funds  
For the Year Ended June 30, 2018**

	LoCIP Projects Fund	Town Capital Improvements Fund	WSD Capital Improvements Fund	Town Garage Fund	Total Nonmajor Capital Projects Funds
Revenues:					
Intergovernmental	\$ 142,262	\$ -	\$ -	\$ -	\$ 142,262
Charges for services	-	5,853	-	-	5,853
Miscellaneous	-	-	-	3,906	3,906
<b>Total revenues</b>	<b>142,262</b>	<b>5,853</b>	<b>-</b>	<b>3,906</b>	<b>152,021</b>
Expenditures:					
Capital outlay	63,378	30,602	188,883	14,590	297,453
<b>Total expenditures</b>	<b>63,378</b>	<b>30,602</b>	<b>188,883</b>	<b>14,590</b>	<b>297,453</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>78,884</b>	<b>(24,749)</b>	<b>(188,883)</b>	<b>(10,684)</b>	<b>(145,432)</b>
Other financing sources (uses):					
Transfers in	-	35,313	189,000	-	224,313
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>35,313</b>	<b>189,000</b>	<b>-</b>	<b>224,313</b>
<b>Net change in fund balances</b>	<b>78,884</b>	<b>10,564</b>	<b>117</b>	<b>(10,684)</b>	<b>78,881</b>
Fund balances (deficit), beginning	(78,884)	(18,467)	202,185	33,112	137,946
Fund balances (deficit), ending	\$ -	\$ (7,903)	\$ 202,302	\$ 22,428	\$ 216,827

**Town of Windham, Connecticut**

**Schedule of Expenditures and Encumbrances Compared with Appropriations, etc.  
Capital Improvement Fund #301  
For the Year Ended June 30, 2018**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2017	Current Period	Cumulative Total	Prior to July 1, 2017	Current Period	Cumulative Total		
13999	Municipal Fiber Network		\$ 23,400	\$ -	\$ 23,400	\$ 23,000	-	\$ 23,000	\$ -	\$ 400
14000	Parking Garage		600,000	-	600,000	325,762	-	325,762	-	274,238
14001	Airline & Hop River Extension		2,500,000	-	2,500,000	1,848,548	3,175	1,851,723	132,245	516,032
14002	Road & Sidewalk Bonds Phase I & II		7,650,000	-	7,650,000	7,649,879	-	7,649,879	121	-
14003	Windham Magnet School		42,000,000	-	42,000,000	41,769,519	-	41,769,519	-	230,481
14004	Natchaug Roof		1,568,242	-	1,568,242	1,580,121	-	1,580,121	-	(11,879)
14005	Windham High School Roof		4,426,250	-	4,426,250	3,914,822	-	3,914,822	-	511,428
14006	Windham Middle School Micro Grid		2,131,000	-	2,131,000	1,981,041	-	1,981,041	50,681	99,278
16006	Windham Middle School Roof Replacement		2,833,000	-	2,833,000	2,222,473	-	2,222,473	580,341	30,186
16008	Windham Safety Complex Jail Cells		1,250,000	-	1,250,000	82,827	1,157,382	1,240,209	714	9,077
16009	Road & Sidewalk Bonds Phase III		4,000,000	-	4,000,000	2,413,080	974,649	3,387,729	459	611,812
16010	Willimantic Public Library		1,000,000	-	1,000,000	994,556	-	994,556	-	5,444
16011	Hop River Bridge Rehabilitation		500,000	800,000	1,300,000	155,041	29,612	184,653	78,976	1,036,371
16012	Brownfields Assessment Project		120,000	-	120,000	2,000	49,501	51,501	-	68,499
34512	North Windham School Well System		142,000	-	142,000	134,058	-	134,058	-	7,942
34513	Windham Center School Well System		153,000	-	153,000	146,298	-	146,298	7,171	(469)
17014	Senior Center Renovation - Jillson Theater		3,250,000	1,343,635	4,593,635	558,372	132,323	690,695	1,000	3,901,940
17015	MUNIS Payroll/HR Implementation		-	175,000	175,000	174,511	-	174,511	-	489
17016	WSD Fire Engine		600,000	-	600,000	24,996	575,000	599,996	-	4
17017	Jillson Square Project		25,000	1,175,000	1,200,000	8,526	887,296	895,822	2,431	301,747

(Continued)



**Town of Windham, Connecticut**

**Schedule of Expenditures and Encumbrances Compared with Appropriations, etc.  
Capital Improvement Fund #301 (Continued)  
For the Year Ended June 30, 2018**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2017	Current Period	Cumulative Total	Prior to July 1, 2017	Current Period	Cumulative Total		
16402-16408	BOE Capital Projects - 2016		959,000	(484,000)	475,000	174,213	4,709	178,922	-	296,078
17401-17409	BOE Capital Projects - 2017		490,000	(215,000)	275,000	86,812	126,285	213,097	36,288	25,615
18,043	IT Phone System & Ball Room Accessories		145,000	-	145,000	-	77,206	77,206	-	67,794
18,343	Public Works Machines & Equipment		930,000	-	930,000	-	925,294	925,294	-	4,706
18401-18406	BOE Capital Projects - 2018		1,115,000	(345,000)	770,000	-	632,628	632,628	23,048	114,324
18410	Kramer Move		-	1,144,000	1,144,000	-	819,304	819,304	301,914	22,782
18411	Windham High School Renovation - Central Administration		6,943,538	-	6,943,538	-	-	-	-	6,943,538
18412	Windham High School Renovation		71,670,200	-	71,670,200	-	-	-	-	71,670,200
TOTAL CAPITAL IMPROVEMENT FUND			<u>\$ 157,024,630</u>	<u>\$ 3,593,635</u>	<u>\$ 160,618,265</u>	<u>\$ 66,272,472</u>	<u>\$ 6,394,364</u>	<u>\$ 72,664,819</u>	<u>\$ 1,215,389</u>	<u>\$ 86,738,057</u>
Conversion to GAAP based financial statement reporting:										
	Previous year retainage and off system accrued payables						(82,994)			
	Current year retainage and off system accrued payables						3,872			
	Total						<u>\$ 6,315,242</u>			
2015-16	2/12/2015 Resolution # 2656: \$23,400 Grant Award from State of CT									
2015-16	12/15/2015 Resolution # 2668: \$500,000 Appropriation from Undesignated Fund Balance for Rehabilitation of the Hop River Trail Bridge									
2015-16	12/15/2015 Appropriation and Bond Authorization of \$4,964,000 for the Micro Grid Project									
2015-16	12/15/2015 Appropriation and Bond Authorization of \$4,000,000 for the Road and Sidewalk Phase III Project									

Town of Windham, Connecticut

Balance Sheet  
Nonmajor - Debt Service Fund  
June 30, 2018

	Debt Service Fund
<b>Assets</b>	
Cash and cash equivalents	\$ -
<b>Total assets</b>	<u>\$ -</u>
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Due to other funds	128,434
<b>Total liabilities</b>	<u>128,434</u>
Fund balance (deficit):	
Unassigned	(128,434)
<b>Total fund balance (deficit)</b>	<u>(128,434)</u>
<b>Total liabilities and fund     balances</b>	<u>\$ -</u>

Town of Windham, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)  
Nonmajor Debt Service Fund  
For the Year Ended June 30, 2018

	Debt Service Fund
Revenues:	
Miscellaneous	\$ -
<b>Total revenues</b>	<u>-</u>
Expenditures:	
Current:	
Debt issuance costs	55,148
Interest expense	47,290
<b>Total expenditures</b>	<u>102,438</u>
<b>Excess (deficiency) of revenues         over expenditures</b>	(102,438)
Fund balance (deficit), beginning	<u>(25,996)</u>
Fund balance (deficit), ending	<u>\$ (128,434)</u>

**Town of Windham, Connecticut**

**Combining Balance Sheet  
Nonmajor Permanent Funds  
June 30, 2018**

	Cemetery Trust Fund	William A. & Jennie S. King Trust	Total Nonmajor Permanent Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 27,733	\$ 11,148	\$ 38,881
Investments	265,542	465,586	731,128
Receivables:			
Accounts receivable	705	1,006	1,711
<b>Total assets</b>	<b>\$ 293,980</b>	<b>\$ 477,740</b>	<b>\$ 771,720</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 450	\$ -	\$ 450
<b>Total liabilities</b>	<b>450</b>	<b>-</b>	<b>450</b>
Fund balances:			
Nonspendable	178,000	120,896	298,896
Restricted	115,530	356,844	472,374
<b>Total fund balances</b>	<b>293,530</b>	<b>477,740</b>	<b>771,270</b>
<b>Total liabilities and fund balances</b>	<b>\$ 293,980</b>	<b>\$ 477,740</b>	<b>\$ 771,720</b>

Town of Windham, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Permanent Funds

For the Year Ended June 30, 2018

	Cemetery Trust Fund	William A. & Jennie S. King Trust	Total Nonmajor Permanent Funds
Revenues:			
Investment earnings	\$ 16,336	\$ 34,355	\$ 50,691
Miscellaneous	20,341	-	20,341
<b>Total revenues</b>	<b>36,677</b>	<b>34,355</b>	<b>71,032</b>
Expenditures:			
Current:			
Civic and cultural	-	3,488	3,488
Public works	2,843	-	2,843
<b>Total expenditures</b>	<b>2,843</b>	<b>3,488</b>	<b>6,331</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>33,834</b>	<b>30,867</b>	<b>64,701</b>
Fund balances, beginning	259,696	446,873	706,569
Fund balances, ending	<u>\$ 293,530</u>	<u>\$ 477,740</u>	<u>\$ 771,270</u>

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**Internal Service Funds**

## **Internal Service Funds**

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency of the Town to other departments or agencies of the Town and to other government units, on a cost reimbursement basis.

### **Self-Insurance**

This fund is used to account for losses arising from workers compensation claims.

### **Health Plan**

This fund is used to account for losses arising from medical claims of the Town's employees.



**Town of Windham, Connecticut**

**Combining Statement of Net Position (Deficit) - Internal Service Funds  
June 30, 2018**

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 1,114,088	\$ 1,114,088
Accounts receivable, net	-	-	-
<b>Total current assets</b>	<b>-</b>	<b>1,114,088</b>	<b>1,114,088</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	464,747	-	464,747
Claims payable	482,037	1,628,131	2,110,168
Accrued liabilities:			
Other	-	141,577	141,577
<b>Total current liabilities</b>	<b>946,784</b>	<b>1,769,708</b>	<b>2,716,492</b>
Net position (deficit):			
Net investment in capital assets	-	-	-
Unrestricted (deficit)	(946,784)	(655,620)	(1,602,404)
<b>Total net position (deficit)</b>	<b>\$ (946,784)</b>	<b>\$ (655,620)</b>	<b>\$ (1,602,404)</b>

Town of Windham, Connecticut

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit) -  
Internal Service Funds  
For the Year Ended June 30, 2018**

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 10,473,777	\$ 833,449	\$ 11,307,226
<b>Total operating revenues</b>	<u>10,473,777</u>	<u>833,449</u>	<u>11,307,226</u>
Operating expenses:			
Administration	1,132,669	16,560	1,149,229
Claims incurred	10,815,617	1,261,500	12,077,117
<b>Total operating expenses</b>	<u>11,948,286</u>	<u>1,278,060</u>	<u>13,226,346</u>
<b>Operating income (loss)</b>	<u>(1,474,509)</u>	<u>(444,611)</u>	<u>(1,919,120)</u>
Nonoperating revenues (expenses):			
Interest income (loss)	1,434	-	1,434
<b>Total non-operating revenues (expenses)</b>	<u>1,434</u>	<u>-</u>	<u>1,434</u>
<b>Net income (loss) before transfers</b>	<u>(1,473,075)</u>	<u>(444,611)</u>	<u>(1,917,686)</u>
Net position - beginning	<u>526,291</u>	<u>(211,009)</u>	<u>315,282</u>
Net position (deficit) - ending	<u>\$ (946,784)</u>	<u>\$ (655,620)</u>	<u>\$ (1,602,404)</u>

**Town of Windham, Connecticut**

**Combining Statement of Cash Flows - Internal Service Funds  
For the Year Ended June 30, 2018**

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
Cash flows from operating activities:			
Cash received for the following:			
Charges for services	\$ 10,481,777	\$ 833,449	\$ 11,315,226
	10,481,777	833,449	11,315,226
Cash paid for the following:			
Administration	(727,463)	(16,560)	(744,023)
Claims paid	(10,859,598)	(643,388)	(11,502,986)
	(11,587,061)	(659,948)	(12,247,009)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,105,284)</b>	<b>173,501</b>	<b>(931,783)</b>
Cash flows from investing activities:			
Interest and dividends	1,434	-	1,434
<b>Net cash provided by investing activities</b>	<b>1,434</b>	<b>-</b>	<b>1,434</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,103,850)</b>	<b>173,501</b>	<b>(930,349)</b>
Cash and cash equivalents, beginning of year	1,103,850	940,587	2,044,437
Cash and cash equivalents, end of year	\$ -	\$ 1,114,088	\$ 1,114,088
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (1,474,509)	\$ (444,611)	\$ (1,919,120)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Increase (decrease) in liabilities:			
Accounts payable	413,206	-	413,206
Accrued liabilities and compensated absences	(43,981)	618,112	574,131
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (1,105,284)</b>	<b>\$ 173,501</b>	<b>\$ (931,783)</b>

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**Fiduciary Funds**

## **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

### **Pension Trust Funds**

Utilize the accrual basis of accounting and are used for the accumulation of resources to be used for retirement benefits.

### **Private Purpose Trust Funds**

A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in a pension trust fund or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

### **Agency Funds**

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

**Town of Windham, Connecticut**

**Combining Statement of Fiduciary Net Position  
Pension Trust Funds  
June 30, 2018**

	Firemen's Pension	Policemen's Pension	Municipal Employees' Pension	Board of Education Employees' Pension	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 896,076	\$ 1,351,825	\$ 336,183	\$ 146,331	\$ 2,730,415
Investments:					
Debt securities	1,394,386	2,423,638	2,004,510	-	5,822,534
Corporate bonds	1,823,717	3,153,778	2,607,643	-	7,585,138
Collective trusts	-	-	-	5,393,874	5,393,874
Equity securities	8,097,129	14,003,158	11,505,937	4,073,492	37,679,716
Receivables	20,185	54,979	66,208	-	141,372
<b>Total assets</b>	<b>12,231,493</b>	<b>20,987,378</b>	<b>16,520,481</b>	<b>9,613,697</b>	<b>59,353,049</b>
<b>Liabilities</b>					
Accounts payable	30,124	32,561	4,945	-	67,630
Due to other funds	18,647	24,876	37,395	-	80,918
<b>Total liabilities</b>	<b>48,771</b>	<b>57,437</b>	<b>42,340</b>	<b>-</b>	<b>148,548</b>
Net position:					
Restricted for pension benefits	\$ 12,182,722	\$ 20,929,941	\$ 16,478,141	\$ 9,613,697	\$ 59,204,501

Town of Windham, Connecticut

**Combining Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
For the Year Ended June 30, 2018**

	Firemen's Pension	Policemen's Pension	Municipal Employees' Pension	Board of Education Employees' Pension	Total
Additions:					
Contributions:					
Employer	\$ 708,361	\$ 1,055,252	\$ 829,133	\$ 485,352	\$ 3,078,098
Plan members	164,696	250,922	88,394	-	504,012
Other	2,788	-	-	-	2,788
<b>Total contributions</b>	<b>875,845</b>	<b>1,306,174</b>	<b>917,527</b>	<b>485,352</b>	<b>3,584,898</b>
Investment earnings:					
Interest and dividends	316,496	548,836	275,653	326,915	1,467,900
Net (depreciation) appreciation in the fair value of investments	(515,398)	(748,801)	253,509	112,795	(897,895)
<b>Total investment earnings (loss)</b>	<b>(198,902)</b>	<b>(199,965)</b>	<b>529,162</b>	<b>439,710</b>	<b>570,005</b>
Less administrative and other expenses	3,935	5,935	40,195	72,623	122,688
<b>Net investment earnings (loss)</b>	<b>(202,837)</b>	<b>(205,900)</b>	<b>488,967</b>	<b>367,087</b>	<b>447,317</b>
<b>Total additions</b>	<b>673,008</b>	<b>1,100,274</b>	<b>1,406,494</b>	<b>852,439</b>	<b>4,032,215</b>
Deductions:					
Benefit payments	722,271	1,276,412	561,144	516,210	3,076,037
<b>Total deductions</b>	<b>722,271</b>	<b>1,276,412</b>	<b>561,144</b>	<b>516,210</b>	<b>3,076,037</b>
<b>Change in net position</b>	<b>(49,263)</b>	<b>(176,138)</b>	<b>845,350</b>	<b>336,229</b>	<b>956,178</b>
Restricted for:					
Pension benefits:					
Beginning of year	12,231,985	21,106,079	15,632,791	9,277,468	58,248,323
End of year	\$ 12,182,722	\$ 20,929,941	\$ 16,478,141	\$ 9,613,697	\$ 59,204,501



**Town of Windham, Connecticut**

**Combining Statement of Fiduciary Net Position -  
Private Purpose Trust Funds  
June 30, 2018**

	Scholarship Trust Fund	Walter Fahey Trust Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 49,428	\$ 13,284	\$ 62,712
Other receivables	-	118	118
Investments:			
Money market mutual funds	-	326	326
Common stock	-	94,525	94,525
Fixed income mutual funds	-	10,520	10,520
Other	-	25,632	25,632
<b>Total assets</b>	<b>49,428</b>	<b>144,405</b>	<b>193,833</b>
<b>Liabilities</b>			
Accounts payable	2,000	-	2,000
Net position:			
Held in trust for other purposes	\$ 47,428	\$ 144,405	\$ 191,833

**Town of Windham, Connecticut**

**Combining Statement of Changes in Fiduciary Net Position**

**Private Purpose Trust Funds**

**For the Year Ended June 30, 2018**

	Scholarship Trust Fund	Walter Fahey Trust Fund	Total
Additions:			
Private donations	\$ 500	\$ -	\$ 500
Investment earnings:			
Interest and dividends	-	2,644	2,644
Net appreciation in the fair value of investments	-	10,253	10,253
<b>Total additions</b>	<b>500</b>	<b>12,897</b>	<b>13,397</b>
Deductions:			
Benefit payments	4,700	3,362	8,062
Administrative and other expenses	-	3,450	3,450
<b>Total deductions</b>	<b>4,700</b>	<b>6,812</b>	<b>11,512</b>
<b>Net change in net position</b>	<b>(4,200)</b>	<b>6,085</b>	<b>1,885</b>
Net position held in trust:			
Beginning of year	51,628	138,320	189,948
End of year	\$ 47,428	\$ 144,405	\$ 191,833

**Town of Windham, Connecticut**

**Combining Statement of Fiduciary Assets and Liabilities - Agency Funds**  
**June 30, 2018**

	Mid- Northeast Recycling Fund	Student Activity Funds	Scholarship Funds	Athletic Association Fund	Total Agency Funds
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 45,721	\$ -	\$ 36,196	\$ 81,917
Investments:					
Certificates of deposit	-	156,493	53,171	-	209,664
Other receivables	1,941	-	-	-	1,941
<b>Total assets</b>	<b>\$ 1,941</b>	<b>\$ 202,214</b>	<b>\$ 53,171</b>	<b>\$ 36,196</b>	<b>\$ 293,522</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,941	\$ -	\$ -	\$ -	\$ 1,941
Due to others	-	202,214	53,171	36,196	291,581
<b>Total liabilities</b>	<b>\$ 1,941</b>	<b>\$ 202,214</b>	<b>\$ 53,171</b>	<b>\$ 36,196</b>	<b>\$ 293,522</b>

**Town of Windham, Connecticut**

**Combining Statement of Changes in Fiduciary Assets and Liabilities -  
Agency Funds  
For the Year Ended June 30, 2018**

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<b>Mid-Northeast Recycling Fund</b>				
<b>Assets</b>				
Other receivables	\$ 2,141	\$ -	\$ 200	\$ 1,941
<b>Liabilities</b>				
Accounts payable	\$ 2,141	\$ -	\$ 200	\$ 1,941
<b>Total liabilities</b>	\$ 2,141	\$ -	\$ 200	\$ 1,941
<b>Student Activity Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 96,567	\$ 122,522	\$ 173,368	\$ 45,721
Investments	154,886	2,048	441	156,493
<b>Total assets</b>	\$ 251,453	\$ 124,570	\$ 173,809	\$ 202,214
<b>Liabilities</b>				
Due to others	\$ 251,453	\$ 124,570	\$ 173,809	\$ 202,214
<b>Scholarship Funds</b>				
<b>Assets</b>				
Investments	\$ 52,684	\$ 487	\$ -	\$ 53,171
<b>Liabilities</b>				
Due to others	\$ 52,684	\$ 487		\$ 53,171
<b>Athletic Association Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 16,474	\$ 54,253	\$ 34,531	\$ 36,196
<b>Liabilities</b>				
Due to others	\$ 16,474	\$ 54,253	\$ 34,531	\$ 36,196
<b>Totals</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 113,041	\$ 176,775	\$ 207,899	\$ 81,917
Investments	207,570	2,535	441	209,664
Other receivables	2,141	-	200	1,941
<b>Total assets</b>	\$ 322,752	\$ 179,310	\$ 208,540	\$ 293,522
<b>Liabilities</b>				
Accounts payable	\$ 2,141	\$ -	\$ 200	\$ 1,941
Due to others	320,611	179,310	208,340	291,581
<b>Total liabilities</b>	\$ 322,752	\$ 179,310	\$ 208,540	\$ 293,522

**Statistical Section**

## **Statistical Section Information**

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- Financial trends information is intended to assist users in understanding and assessing how financial position has changed over time.
- Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the ability to generate own-source revenues (property taxes, charges for services, etc.)
- Debt capacity information is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment and (2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- Operating information is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Town of Windham, Connecticut

Table 1

**Net Position by Component  
Last Ten Fiscal Years  
(In Thousands)  
(Unaudited)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Government Activities										
Net investment in capital assets	\$ 61,093	\$ 74,418	\$ 59,714	\$ 56,644	\$ 56,095	\$ 41,964	\$ 34,029	\$ 16,234	\$ 21,861	\$ 19,451
Restricted	2,452	-	864	1,729	1,715	1,652	2,485	5,064	851	1,080
Unrestricted	(17,889)	(19,257)	(4,158)	3,928	8,733	18,478	6,768	9,352	7,469	8,131
<b>Total governmental activities net position</b>	<b>45,656</b>	<b>55,161</b>	<b>56,420</b>	<b>62,301</b>	<b>66,543</b>	<b>62,094</b>	<b>43,282</b>	<b>30,650</b>	<b>30,181</b>	<b>28,662</b>
Business-Type Activities										
Net investment in capital assets	22,803	22,743	22,644	20,342	19,648	19,747	19,796	18,267	17,258	15,393
Unrestricted	10,715	11,636	13,188	14,964	15,288	14,851	15,784	14,453	13,502	11,988
<b>Total business-type activities net position</b>	<b>33,518</b>	<b>34,378</b>	<b>35,833</b>	<b>35,306</b>	<b>34,936</b>	<b>34,598</b>	<b>35,580</b>	<b>32,720</b>	<b>30,760</b>	<b>27,381</b>
Primary Government										
Net investment in capital assets	83,895	97,160	82,359	76,986	75,743	61,711	53,825	34,501	39,119	34,844
Restricted	2,452	-	864	1,729	1,715	1,652	2,485	5,064	851	1,080
Unrestricted	(7,174)	(7,621)	9,031	18,892	24,021	33,329	22,552	23,805	20,971	20,119
<b>Total primary government net position</b>	<b>\$ 79,174</b>	<b>\$ 89,539</b>	<b>\$ 92,253</b>	<b>\$ 97,607</b>	<b>\$ 101,479</b>	<b>\$ 96,692</b>	<b>\$ 78,862</b>	<b>\$ 63,370</b>	<b>\$ 60,941</b>	<b>\$ 56,043</b>

\*Restated - retroactive reporting of infrastructure

Notes: Schedule prepared on the accrual basis of accounting

Town of Windham, Connecticut

Table 2

**Change in Net Position  
Last Ten Fiscal Years  
(In Thousands)  
(Unaudited)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government	\$ 3,540	\$ 3,736	\$ 3,611	\$ 3,004	\$ 3,503	\$ 3,014	\$ 2,762	\$ 2,925	\$ 2,974	\$ 3,554
Public safety	14,691	12,447	16,366	11,509	11,491	11,622	10,678	10,482	10,828	13,462
Public works	5,687	5,926	7,690	6,998	6,541	5,688	5,188	6,624	5,326	6,648
Human services	889	884	901	681	671	645	669	759	636	824
Civic and culture	1,820	2,239	1,964	1,932	1,558	2,065	2,330	2,319	2,052	2,599
Education	79,986	79,196	75,038	71,894	68,110	63,776	64,575	61,697	58,709	56,077
Planning and development	648	611	550	495	1,542	777	851	570	840	598
Interest on long-term debt	484	711	685	1,286	1,364	1,520	839	511	841	935
<b>Total governmental activities expense</b>	<b>107,745</b>	<b>105,750</b>	<b>106,805</b>	<b>97,799</b>	<b>94,780</b>	<b>89,107</b>	<b>87,892</b>	<b>85,887</b>	<b>82,206</b>	<b>84,697</b>
Business-type activities:										
Water	2,405	2,333	2,684	2,414	2,769	2,387	2,144	2,215	2,212	2,120
Sewer	3,593	3,695	3,640	3,401	2,793	3,382	2,329	2,122	2,137	2,340
<b>Total business-type activities expense</b>	<b>5,998</b>	<b>6,028</b>	<b>6,324</b>	<b>5,815</b>	<b>5,562</b>	<b>5,769</b>	<b>4,473</b>	<b>4,337</b>	<b>4,479</b>	<b>4,636</b>
<b>Total primary government expenses</b>	<b>113,743</b>	<b>111,778</b>	<b>113,129</b>	<b>103,614</b>	<b>100,342</b>	<b>94,876</b>	<b>92,365</b>	<b>90,224</b>	<b>86,685</b>	<b>89,333</b>
Program Revenues										
Governmental activities										
Charges for services:										
General government	646	609	715	753	1,014	806	838	910	1,047	1,083
Public safety	1,652	1,664	1,796	1,840	1,605	1,515	1,359	1,473	1,160	1,245
Public works	344	403	292	305	410	441	655	435	275	202
Human services	-	1	-	-	144	1	90	-	1	-
Civic and culture	150	175	162	130	237	209	32	110	104	130
Education	747	1,137	1,032	1,148	578	833	1,203	2,167	2,530	2,763
Planning and development	-	5	3	7	39	33	35	81	93	54
Operating grants and contributions	52,974	53,067	52,222	51,235	50,609	45,847	46,339	43,129	41,865	40,884
Capital grants and contributions	704	3,716	3,597	2,979	4,960	18,743	12,456	2,474	2,516	2,065
<b>Total governmental activities program revenues</b>	<b>\$ 57,217</b>	<b>\$ 60,777</b>	<b>\$ 59,819</b>	<b>\$ 58,397</b>	<b>\$ 59,596</b>	<b>\$ 68,428</b>	<b>\$ 63,007</b>	<b>\$ 50,779</b>	<b>\$ 49,591</b>	<b>\$ 48,426</b>



Town of Windham, Connecticut

Table 2 (Continued)

**Change in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(In Thousands)**  
**(Unaudited)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental Activities</b>										
Charges for services:										
Water	\$ 2,530	\$ 2,331	\$ 2,821	\$ 2,737	\$ 2,769	\$ 2,387	\$ 2,834	\$ 2,795	\$ 2,763	\$ 3,118
Sewer	2,709	2,446	2,894	2,918	2,793	3,382	3,612	2,978	2,838	2,902
<b>Total business-type activities</b>										
<b>program revenues</b>	5,239	4,776	5,716	5,655	5,562	5,769	6,446	5,773	5,601	6,020
<b>Total primary government program revenues</b>	65,553	65,553	65,534	64,051	65,158	74,197	69,453	56,552	55,192	54,446
Net (expense)/revenue										
Governmental activities	(50,528)	(44,973)	(46,987)	(39,403)	(35,184)	(20,679)	(24,885)	(35,108)	(32,615)	(36,271)
Business-type activities	(758)	(1,251)	(608)	(160)	(1,341)	(1,341)	1,972	1,436	1,122	1,384
<b>Total primary government net expense</b>	<b>(51,286)</b>	<b>(46,224)</b>	<b>(47,595)</b>	<b>(39,563)</b>	<b>(36,525)</b>	<b>(22,020)</b>	<b>(22,913)</b>	<b>(33,672)</b>	<b>(31,493)</b>	<b>(34,887)</b>
General revenues and other changes in net expenses										
Governmental activities:										
Property taxes	37,904	36,730	35,706	33,427	33,856	32,429	31,423	30,054	28,538	28,541
Unrestricted grants and contributions	5,997	6,742	5,125	4,970	5,489	6,837	6,024	5,163	5,380	6,707
Investment earnings (losses)	96	57	91	25	103	41	70	176	214	(21)
Transfers and other	200	184	184	184	184	184	184	184	-	-
<b>Total governmental activities</b>	<b>44,197</b>	<b>43,713</b>	<b>41,106</b>	<b>38,606</b>	<b>39,632</b>	<b>39,491</b>	<b>37,701</b>	<b>35,577</b>	<b>34,132</b>	<b>35,227</b>
Business-type activities:										
Investment earnings	98	(137)	1,119	531	535	479	(532)	122	785	607
Unrestricted grants and contributions	-	118	200	183	97	63	1,604	587	1,473	1,394
Transfers and other	(200)	(184)	(184)	(184)	(184)	(184)	(184)	(184)	-	-
<b>Total business-type activities</b>	<b>(102)</b>	<b>(203)</b>	<b>1,135</b>	<b>530</b>	<b>448</b>	<b>358</b>	<b>888</b>	<b>525</b>	<b>2,258</b>	<b>2,001</b>
<b>Total primary government</b>	<b>44,095</b>	<b>43,510</b>	<b>42,241</b>	<b>39,136</b>	<b>40,080</b>	<b>39,849</b>	<b>38,589</b>	<b>36,102</b>	<b>36,390</b>	<b>37,228</b>
Changes in net position										
Governmental activities	(6,331)	(1,260)	(5,881)	(797)	4,448	18,812	12,816	469	1,517	(1,044)
Business-type activities	(860)	(1,455)	527	370	(893)	(983)	2,860	1,961	3,380	3,385
<b>Total primary government</b>	<b>\$ (7,191)</b>	<b>\$ (2,715)</b>	<b>\$ (5,354)</b>	<b>\$ (427)</b>	<b>\$ 3,555</b>	<b>\$ 17,829</b>	<b>\$ 15,676</b>	<b>\$ 2,430</b>	<b>\$ 4,897</b>	<b>\$ 2,341</b>

Note: Schedule prepared on the accrual basis of accounting.

Town of Windham, Connecticut

Table 3

**Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(In Thousands)  
(Unaudited)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011*	2010	2009
General Fund										
Nonspendable	\$ 126	\$ 145	\$ 119	\$ 116	\$ 112	\$ 112	\$ 109	\$ 107	\$ -	\$ -
Restricted	639	-	722	654	587	520	453	374	-	-
Committed	-	-	-	-	-	142	822	62	-	-
Assigned	-	-	-	677	898	542	613	507	-	-
Unassigned	6,333	8,481	9,495	11,454	11,093	10,109	8,461	8,332	-	-
Reserved	-	-	-	-	-	-	-	-	400	365
Unreserved	-	-	-	-	-	-	-	-	7,279	5,946
<b>Total general fund</b>	<b>\$ 7,097</b>	<b>\$ 8,626</b>	<b>\$ 10,336</b>	<b>\$ 12,901</b>	<b>\$ 12,690</b>	<b>\$ 11,425</b>	<b>\$ 10,458</b>	<b>\$ 9,382</b>	<b>\$ 7,679</b>	<b>\$ 6,311</b>
All Other Governmental Funds										
Nonspendable	\$ 318	\$ -	\$ 143	\$ 482	\$ 481	\$ 498	\$ 499	\$ 549	\$ -	\$ -
Restricted	2,431	756	1,770	3,971	3,681	522	1,424	455	-	-
Committed	-	-	721	695	1,521	2,299	3,711	5,863	-	-
Assigned	-	-	-	-	-	(6,805)	-	-	-	-
Unassigned	(19,211)	(15,610)	(11,103)	(7,319)	(5,371)	-	-	-	-	-
Reserved	-	-	-	-	-	(209)	-	-	683	638
Unreserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	2,720	2,762
Capital project funds	-	-	-	-	-	-	-	-	185	459
Permanent fund	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ (16,462)</b>	<b>\$ (14,854)</b>	<b>\$ (8,468)</b>	<b>\$ (2,171)</b>	<b>\$ 312</b>	<b>\$ (3,695)</b>	<b>\$ 5,634</b>	<b>\$ 6,867</b>	<b>\$ 3,588</b>	<b>\$ 3,859</b>

\*The Town implemented GASB No. 54, Fund Balance and Governmental Reporting Fund Type Definitions, in FY2011

Note: Schedule prepared on the modified accrual basis of accounting

Town of Windham, Connecticut

Table 4

**Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(In Thousands)  
(Unaudited)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Property Taxes</b>	\$ 38,072	\$ 36,376	\$ 35,834	\$ 33,314	\$ 33,827	\$ 32,599	\$ 31,384	\$ 30,053	\$ 28,708	\$ 28,549
Assessments	-	-	-	-	-	-	-	-	-	-
Intergovernmental	59,900	64,424	59,993	58,436	64,362	65,960	65,455	51,611	50,125	49,643
Charges for services	2,331	2,401	2,460	2,880	2,557	2,557	2,781	3,033	1,683	3,180
Food sales	-	-	-	-	-	-	-	-	-	-
Licenses and permits	330	302	296	258	296	291	346	330	23	157
Fines, forfeitures, and penalties	171	152	261	175	45	15	21	37	1,533	29
Investment income (losses)	95	57	91	25	103	41	70	176	214	(21)
Miscellaneous	862	1,138	1,082	868	1,129	976	1,147	1,609	2,295	3,037
<b>Total revenues</b>	<b>101,761</b>	<b>104,851</b>	<b>100,017</b>	<b>95,956</b>	<b>102,319</b>	<b>102,439</b>	<b>101,204</b>	<b>86,849</b>	<b>84,581</b>	<b>84,574</b>
<b>Expenditures:</b>										
General government	2,384	2,492	2,702	2,773	2,959	2,536	2,349	2,430	3,081	3,006
Public safety	1,986	1,771	2,106	1,925	2,163	2,242	2,159	1,940	2,467	1,999
Public works	4,175	4,102	4,247	4,506	4,696	4,282	4,132	4,065	4,235	4,729
Human services	698	687	724	601	586	545	545	540	557	624
Civic and cultural	1,202	1,369	1,284	1,522	1,341	1,917	2,019	2,026	1,791	2,070
Planning and development	377	367	376	355	1,340	722	760	477	752	458
Employee benefits	-	-	-	-	-	-	-	-	-	-
Education	76,386	74,674	72,030	69,496	66,674	63,580	62,612	59,625	57,330	54,258
Police	6,779	6,637	6,247	5,902	5,573	5,671	5,714	5,114	5,062	5,313
Fire	3,598	3,565	3,328	3,300	2,610	2,459	2,206	2,279	2,396	2,969
Miscellaneous	2,899	3,427	2,413	708	1,055	576	1,079	1,210	1,227	5,263
Debt service:										
Principal	2,186	1,706	5,844	2,676	2,196	2,205	2,064	2,191	2,086	2,092
Interest and other charges	641	669	559	691	1,136	1,374	745	641	857	956
Debt issuance costs	55	-	18	21	39	-	-	120	-	-
Capital outlay	6,533	7,016	7,185	6,851	11,204	22,876	15,161	3,517	1,759	2,513
<b>Total expenditures</b>	<b>109,898</b>	<b>108,482</b>	<b>109,063</b>	<b>101,327</b>	<b>103,572</b>	<b>110,985</b>	<b>101,545</b>	<b>86,175</b>	<b>83,600</b>	<b>86,250</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(8,137)</b>	<b>(3,631)</b>	<b>(9,046)</b>	<b>(5,371)</b>	<b>(1,253)</b>	<b>(8,546)</b>	<b>(341)</b>	<b>674</b>	<b>981</b>	<b>(1,676)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in	1,126	375	2,357	8,226	765	1,021	1,247	1,414	576	871
Transfers out	(926)	(191)	(2,172)	(8,042)	(581)	(837)	(1,063)	(1,230)	(576)	(871)
Proceeds from capital leases	-	-	-	-	-	-	-	-	117	295
Proceeds from issuance of refunding bonds	-	-	-	2,845	1,791	-	-	5,260	-	-
Restated recording of bond refunding	-	-	-	-	-	-	-	(3,703)	-	-
Premium from issuance of refunding bonds	-	-	-	-	-	-	-	153	-	-
Payment to refunded bonds escrow agent	-	-	-	-	(1,837)	-	-	(1,646)	-	-
Proceeds from issuance of long-term bonds	-	-	-	-	6,030	-	-	4,000	-	-
Premium from issuance of long-term bonds	151	-	-	67	358	-	-	60	-	-
<b>Total other financing sources (uses)</b>	<b>351</b>	<b>184</b>	<b>185</b>	<b>3,096</b>	<b>6,526</b>	<b>184</b>	<b>184</b>	<b>4,308</b>	<b>117</b>	<b>295</b>
<b>Net change in fund balances</b>	<b>(7,786)</b>	<b>(3,447)</b>	<b>(8,861)</b>	<b>(2,275)</b>	<b>5,273</b>	<b>(8,362)</b>	<b>(157)</b>	<b>4,982</b>	<b>1,098</b>	<b>(1,381)</b>
<b>Fund Balances, Beginning of Year</b>	<b>(1,579)</b>	<b>1,868</b>	<b>10,729</b>	<b>13,004</b>	<b>7,731</b>	<b>16,093</b>	<b>16,250</b>	<b>11,268</b>	<b>10,170</b>	<b>11,551</b>
<b>Fund Balances, End of Year</b>	<b>\$ (9,365)</b>	<b>\$ (1,579)</b>	<b>\$ 1,868</b>	<b>\$ 10,729</b>	<b>\$ 13,004</b>	<b>\$ 7,731</b>	<b>\$ 16,093</b>	<b>\$ 16,250</b>	<b>\$ 11,268</b>	<b>\$ 10,170</b>
Debt Service as a Percentage of Noncapital Expenditures	2.73%	2.34%	6.29%	3.56%	3.61%	4.06%	3.25%	3.43%	3.60%	3.64%

Note: Schedule prepared on the modified accrual basis of accounting.

Table 5

Town of Windham, Connecticut  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

(Thousands) (Unaudited)										
Fiscal Year	Grand List Year	Land and Buildings	Personal Property	Motor Vehicle	Gross Taxable Grand List (1)	Less Tax Exempt Property	Net Taxable Grand List	Total Direct Tax Rate (in mils)	Estimated Actual Taxable Value (2)	Taxable Assessed Value as a Percentage of Actual Taxable Value
2018	2016	\$ 1,347,518	\$ 119,787	\$ 106,739	\$ 1,574,044	\$ 686,139	\$ 887,905		\$ 1,268,436	70.00%
2017	2015	1,330,320	117,203	101,315	1,548,838	667,139	881,699		1,259,570	70.00%
2016	2014	1,312,493	114,831	99,750	1,527,074	649,156	877,918		1,254,169	70.00%
2015	2013	1,292,137	99,697	95,396	1,487,230	626,001	861,230		1,230,329	70.00%
2014	2012	1,367,454	93,406	94,936	1,555,796	593,397	962,400		1,374,857	70.00%
2013	2011	1,349,891	84,066	96,278	1,530,235	582,801	947,435	See	1,353,479	70.00%
2012	2010	1,318,163	79,939	92,108	1,490,210	555,048	935,162	Table 7	1,335,946	70.00%
2011	2009	1,301,235	75,441	90,625	1,467,301	541,485	925,815		1,322,593	70.00%
2010	2008	1,293,022	71,396	88,570	1,452,988	527,926	925,062		1,321,517	70.00%
2009	2007	1,273,808	69,814	93,455	1,437,077	511,558	925,519		1,322,170	70.00%
2008	2006	1,239,399	65,962	91,439	1,396,800	484,107	913,694		1,305,277	70.00%

Source: Town of Windham, Office of Tax Assessor

Notes:

(1) Assessed Value is 70% of Estimated Actual Value

Table 6

Town of Windham, Connecticut  
Principal Taxpayers  
Current Year and Nine Years Ago

(Thousands)  
(Unaudited)

2018				2009			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Connecticut Light & Power	\$24,724	1	2.78%	Connecticut Light & Power	\$12,527	1	1.35%
Yankee Gas	\$10,595	2	1.19%	Vesta Windham LLC	\$8,301	2	0.90%
Vesta Windham LLC	\$9,480	3	1.07%	General Cable Industries Inc.	\$8,099	3	0.88%
MHC Stonegate Manor LLC	\$9,102	4	1.03%	United Abrasives Inc.	\$7,811	4	0.84%
United Abrasives Inc.	\$7,539	5	0.85%	Walmart Stores Inc	\$7,556	5	0.82%
Walmart Stores Inc.	\$7,285	6	0.82%	Yankee Gas	\$5,471	6	0.59%
General Cable Industries Inc.	\$6,829	7	0.77%	Colonial BT LLC	\$5,108	7	0.55%
Colonial BT LLC	\$6,487	8	0.73%	St. Josephs Living Center Inc.	\$4,889	8	0.53%
Willimantic Station LLC	\$5,769	9	0.65%	Stonegate Manor Manufacturer	\$4,766	9	0.51%
Loch View LLC	\$4,938	10	0.56%	Home Depot USA Inc.	\$4,674	10	0.51%
	\$92,748		10.45%		\$69,202		7.48%

Source: Town of Windham, Office of Tax Assessor

Town of Windham, Connecticut  
Property Tax Levies and Collections  
Last Ten Fiscal Years

**Table 7**

(Thousands) (Unaudited)										
Fiscal Year Ended June 30	Grand List Year	Net Taxable Grand List	Mill Rate	Original Tax Levy	Adjusted Tax Levy	Tax Collections First Year of Levy	Percentage Collected First Year of Levy	Tax Collections in Subsequent Years	Total Collections to Date	Percentage Collected to Date
District 1*										
2018	2016	-	-	15,303	15,264	15,046	98.6%	-	15,046	98.6%
2017	2015	408,884	35	14,610	14,616	14,273	97.7%	338	14,611	100.0%
2016	2014	404,296	34	13,982	13,885	13,745	99.0%	241	13,986	100.7%
2015	2013	398,867	32	13,005	12,997	12,741	98.0%	255	12,996	100.0%
2014	2012	442,490	29	12,921	12,917	12,697	98.3%	219	12,916	100.0%
2013	2011	439,465	29	12,632	12,618	12,359	97.9%	159	12,518	99.2%
2012	2010	435,992	28	12,298	12,290	12,064	98.2%	225	12,289	100.0%
2011	2009	430,855	27	11,520	11,588	11,429	98.6%	159	11,588	100.0%
2010	2008	432,457	25	10,954	10,924	10,788	98.8%	136	10,924	100.0%
2009	2007	430,830	25	10,790	10,770	10,583	98.3%	160	10,743	99.7%
District 2										
2018	2016	-	-	22,353	23,205	22,225	95.8%	-	22,225	95.8%
2017	2015	466,060	46	21,395	21,375	20,889	97.7%	319	21,208	99.2%
2016	2014	471,612	44	22,008	21,688	21,404	98.7%	304	21,708	100.1%
2015	2013	463,150	43	20,314	20,262	19,766	97.6%	304	20,070	99.1%
2014	2012	519,527	39	20,557	20,525	20,080	97.8%	398	20,478	99.8%
2013	2011	507,970	39	19,793	19,794	19,300	97.5%	315	19,615	99.1%
2012	2010	499,170	37	19,031	19,019	18,537	97.5%	289	18,826	99.0%
2011	2009	494,960	37	18,118	18,187	17,733	97.5%	343	18,076	99.4%
2010	2008	492,605	35	17,472	17,441	17,109	98.1%	261	17,370	99.6%
2009	2007	494,689	35	17,401	17,369	16,969	97.7%	297	17,266	99.4%

Source: Town of Windham Tax Collector's Office

\*NOTE: The 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011 mill rates shown above exclude 1.35 mills, 1.38 mills, 1.49 mills, 1.60 mills and 1.55 mills representing taxes levied by the Town for the First Taxing District.

\*\* Information not available.

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

(In Thousands, Except Per Capita)  
(Unaudited)

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Ratio of Debt to Taxable Assessed Value	Total Debt Per Capita	Percentage of Personal Income
	General Obligation Bonds	Capital Leases	Water	Sewer				
2018	\$ 12,911	\$ -	\$ 499	\$ -	\$ 13,410	1.51%	530.71	1.26%
2017	12,911	-	499	-	13,410	1.52%	530.71	1.26%
2016	16,737	-	639	-	17,376	1.98%	687.67	1.63%
2015	19,233	3,160	897	-	23,290	2.70%	921.72	2.19%
2014	18,673	3,485	1,197	-	23,355	2.37%	793.53	1.88%
2013	14,781	3,806	1,464	-	20,051	2.12%	793.53	1.88%
2012	16,986	4,110	1,743	11	22,850	2.44%	904.31	2.14%
2011	19,050	4,440	2,046	29	25,565	2.76%	1,011.75	2.40%
2010	16,941	4,759	2,371	48	24,119	2.61%	954.53	2.45%
2009	19,027	4,961	2,697	66	26,751	2.89%	1,170.36	3.01%

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

Town of Windham, Connecticut

Table 9

**Schedule of Debt Limitation**  
**June 30, 2018**  
(In Thousands)  
(Unaudited)

Tax receipts for the fiscal year ended June 30, 2018:						
Tax collections (including interest and lien fees)			\$	37,951		
Tax relief for the elderly				-		
Base for debt limitation computations				<u>\$</u>	<u>37,951</u>	
	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation	Total
Debt Limitation						
2-1/4 times base	\$ 85,391	\$ -	\$ -	\$ -	\$ -	\$ 85,391
4-1/2 times base	-	170,781	-	-	-	170,781
3-3/4 times base	-	-	142,318	-	-	142,318
3-1/4 times base	-	-	-	123,342	-	123,342
3 times base	-	-	-	-	113,854	113,854
Total debt limitation	85,391	170,781	142,318	123,342	113,854	635,686
Debt as defined by statute:						
Bonds and notes payable	12,911	-	-	-	-	12,911
Less: amount to be reimbursed by State	-	-	-	-	-	-
Add: bonds authorized and unissued	15,318	92,301	-	-	-	107,619
Total indebtedness	28,229	92,301	-	-	-	120,530
Debt limitation in excess of Indebtedness	\$ 57,162	\$ 78,480	\$ 142,318	\$ 123,342	\$ 113,854	\$ 515,156
Total Capacity of Borrowing (7 times base)	\$ 265,660					
Total Present Indebtedness	120,530					
Margin for Additional Borrowing	\$ 145,130					

Note: Total indebtedness above amounts to \$120.5 million but in no event shall total indebtedness exceed \$265.7 million (seven times the base for debt limitation computation).



**Table 10**

Town of Windham, Connecticut  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
*(Thousands)*  
 (Unaudited)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Debt Limit</b>	\$ 265,660	\$ 253,641	\$ 252,479	\$ 232,538	\$ 236,209	\$ 227,803	\$ 219,736	\$ 208,831	\$ 200,995	\$ 200,082
<b>Total net debt applicable to limit</b>	120,530	28,449	33,389	48,799	36,866	45,760	40,967	44,177	47,593	42,796
<b>Legal Debt Margin</b>	\$ 145,130	\$ 225,192	\$ 219,090	\$ 183,739	\$ 199,343	\$ 182,043	\$ 178,768	\$ 164,654	\$ 153,402	\$ 157,286
<b>limit</b>										
<b>as percentage of debt limit</b>	45.37%	11.22%	13.22%	20.99%	15.61%	20.09%	18.64%	21.15%	23.68%	21.39%

Source: Comprehensive annual financial report - Statement of Debt Limitation

Note: See Table 9 for calculation of current year debt limitation

**Table 11**

<u>Town of Windham, Connecticut</u> Statement of Direct Debt Last Ten Fiscal Years <i>(Thousands)</i>							
Fiscal Year	Governmental General Obligation Bonds	Business-type Activities General Obligation Bonds	Business-type Activities Long-term Notes	Total Long-term Debt	Ratio of Long-term Debt to Taxable Assessed Value	Debt per Capita	
2018	\$ 12,911	\$ 499	\$ 10,789	\$ 24,199	2.51%	959.78	
2017	15,097	568	11,658	27,323	2.84%	1,083.69	
2016	16,737	639	12,397	29,773	3.09%	1,180.86	
2015	18,607	880	13,265	32,752	3.40%	1,299.01	
2014	18,097	1,197	14,067	33,361	3.47%	1,323.17	
2013	14,781	1,464	14,869	31,114	3.33%	1,231.36	
2012	16,986	1,754	15,673	34,413	3.72%	1,361.94	
2011	19,050	2,075	550	21,675	2.34%	857.79	
2010	16,941	2,419	579	19,939	2.15%	872.34	
2009	19,027	2,763	609	22,399	2.45%	979.96	

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements. The Town had no overlapping debt.

Table 12

Town of Windham, Connecticut  
Demographic and Employment Statistics  
Last Ten Calendar Years  
(Unaudited)

Fiscal Year	Population (1)	School Enrollment (2)	Median Age (1)	Median Family Income (1)	Calendar Year	Labor Force		Percentage Unemployed (3)			
						Employed (3)	Unemployed (3)	Town of Windham	Willimantic/ Danielson Labor Market	State of Connecticut	United States
2018	24,686	3,349	30.3	\$ 40,603	2018	11,789	812	6.4%	5.4%	4.5%	4.1%
2017	24,727	3,337	30.3	41,398	2017	11,746	633	5.1%	4.4%	4.3%	4.1%
2016	23,733	3,296	30.3	48,923	2016	11,662	603	4.9%	5.4%	5.0%	4.3%
2015	21,021	2,868	30.7	45,735	2015	11,660	976	7.7%	6.2%	6.2%	5.6%
2014	25,213	3,190	30.3	42,073	2014	11,492	1,055	9.4%	7.4%	6.6%	6.1%
2013	25,213	3,223	-	-	2013	10,727	1,418	11.7%	9.5%	8.0%	7.5%
2012	25,091	3,271	-	42,178	2012	10,682	1,546	12.6%	10.4%	8.3%	8.2%
2011	25,129	3,390	39.0	42,092	2011	10,878	1,612	12.9%	10.8%	8.9%	9.2%
2010	25,036	3,391	39.2	38,918	2010	11,107	1,516	12.0%	10.3%	8.7%	9.3%
2009	23,609	3,466	38.0	42,764	2009	10,977	1,200	9.9%	9.3%	8.2%	8.9%

## Sources:

(1) U.S. Department of Commerce, Bureau of Census. (2011 data most current available)

(2) Windham Board of Education, State Department of Education

(3) State of Connecticut, Department of Labor, Office of Research

\* Information not available.

**Table 13**

Town of Windham, Connecticut  
 Building Permits, Value of Construction and Permit Fees Collected  
 Last Ten Calendar Years

<i>(Thousands)</i>						
<i>(Unaudited)</i>						
Fiscal Year	Residential		Non-Residential		Total	
	Number	Value	Number	Value	Permits	Value
2018	651	\$ 10,140	261	\$ 12,944	912	\$ 23,084
2017	657	5,658	279	6,529	936	12,186
2016	897	5,757	203	7,808	1,100	13,565
2015	849	6,061	190	5,606	1,039	11,667
2014	881	5,419	212	11,927	1,093	17,346
2013	928	5,314	272	5,826	1,200	11,140
2012	994	4,983	287	35,776	1,281	40,759
2011	839	8,736	211	10,661	1,050	19,397
2010	865	4,990	231	11,339	1,096	16,329
2009	963	5,352	200	21,624	1,163	26,976

\* Information not available.

**Table 14**

Town of Windham, Connecticut  
 Principal Employers  
 Windham's Major Employers  
 (Unaudited)

Business Name	Nature of Business	Area	Employees
Town of Windham	Municipality	Windham	910
Windham Community Memorial Hospital	Health Care	Windham	530
General Cable Industries	Communication Cable	Windham	148
United Abrasives, Inc.	Manufacturing	Windham	21
Willimantic Waste Paper Co., Inc.	Recycling Collection	Windham	160
Wal-Mart Supercenter	Department Store	Windham	150
United Services	Mental Health Services	Windham	250
Super Stop & Shop	Grocery Store	Windham	250
Hampton Products	Cargo Stabilizing Devices	Windham	250-499
Salt Overseas Trading	Manufacturing Distributors	Windham	250-499

Source: Connecticut Department of Labor, 2015

**Town of Windham, Connecticut**  
**Budgeted Full-Time Equivalent Employees**  
**Last Nine Fiscal Years**  
**(Unaudited)**

**Table 15**

FUNCTION/PROGRAM	Full-Time-Equivalent Employees as of June 30,								
	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government	44	43	43	43	43	43	41	41	38
Public Works	25	25	25	25	25	25	28	28	27
Willimantic Public Library	10	11	11	12	12	12	12	13	12
Windham Water Works	13	13	13	12	12	12	12	12	12
Willimantic Police	50	50	50	47	47	47	47	47	46
Water Pollution Control Authority	10	10	10	10	10	10	10	9	9
Willimantic Fire	30	30	30	30	30	30	30	32	28
Education	712	720	716	705	710	698	701	682	695
Total	894	902	898	884	889	877	881	864	867

Source: Adopted Budget Books for General Government, Official Statements for Education

\* Information not available.

TOWN OF WINDHAM, CONNECTICUT  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)

TABLE 16

		FISCAL YEAR									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City Manager											
General Government											
Finance											
	Number of invoices approved for payment	18,498	18,859	19,346	18,015	17,375	17,261	17,261	16,803	17,067	17,587
	Number of internal control reviews performed	5	5	5	5	5	5	5	5	5	5
Treasurer											
Assessor											
	Number of deeds processed	421	440	370	546	362	278	278	268	304	266
	Number of veterans exemptions	1,598	1,682	1,787	1,787	1,473	1,927	1,927	2,017	2,099	2,127
	Board of assessment appeals adjustments	(221,770)	(516,290)	(358,620)	(364,566)	(164,100)	(164,100)	(164,100)	(106,910)	(171,848)	(38,390)
Personnel											
	Number of applications processed	429	311	155	12	-	109	109	15	127	202
	Vacancies filled through new hires	18	9	5	656	-	3	3	10	5	9
Town Clerk											
	Land records recorded	3,457	1,740	2,429	2,367	2,400	2,932	2,932	2,505	2,367	2,742
	Marriage licenses issued	316	184	169	237	210	318	318	360	244	154
	Death certificates issued	286	313	316	364	368	374	374	333	314	314
	Birth certificates issued	293	255	293	292	342	457	457	473	464	488
City Council											
Election											
	Voters added	815	2,279	1,321	362	194	1,403	1,403	*	*	*
	Voters removed	860	3,435	1,243	757	357	963	963	*	*	*
	Voter changes	1,987	2,306	1,509	2,297	1,743	4,409	4,409	*	*	*
	Total voters	10,826	10,779	9,505	8,965	9,932	13,427	13,427	*	*	*
Public Safety											
Police											
	911 calls	17,088	14,601	16,347	18,209	15,854	13,597	13,597	16,528	15,270	14,436
	Non-emergency calls	15,735	16,753	24,326	25,214	18,677	14,954	14,954	19,729	19,108	18,968
	DUI arrests	59	62	46	57	63	54	54	122	159	112
	* note: Call center is a PSAP (Public Safety Answering Point) and all data is from state website and reported on a calendar not fiscal year										
Fire											
	Fire	98	75	113	118	105	105	105	138	121	122
	No Fire		3	5	2	2	2	2	11	6	4
	Rescue & Emergency Medical Services	3,656	3,573	3,755	3,818	3,711	3,905	3,905	3,736	3,530	3,647
	Hazardous Conditions	145	159	227	215	162	205	205	315	259	252
	Service Calls	162	133	155	167	155	166	166	175	169	172
	Good Intent Calls	283	270	241	241	197	224	224	182	142	184
	False Alarm & False Calls	337	270	268	279	305	314	314	258	285	267
	Severe Weather & Natural Disaster	12	-	-	-	1	14	14	15	3	2
	Special Incident Type	1	2	1	3	1	1	1	3	4	1
Public Works											
Engineering & Administration											
	Road miles paved	3.38	3.02	2.68	3.57	4.00	2.89	2.89	4.47	5.69	1.11

(Continued)

TOWN OF WINDHAM, CONNECTICUT  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)

TABLE 16

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<i>Development and Code Enforcement</i>										
Development Services										
Zoning Board appeals	4	4	4	4	3	6	8	15	7	-
<i>Civic and Cultural</i>										
Willimantic Public Library										
Branches	2	2	1	1	1	1	1	1	1	1
Volumes (physical Collections print and nonprint)	49,050	39,333	50,704	49,146	52,469	52,469	51,294	52,331	59,120	62,642
Volumes (electronic/digital collections)	-	4,626	6,912	8,953	5,958	5,958	5,786	*	*	*
Licensed data bases	7	44	40	40	26	26	26	*	*	*
Total circulation	20,633	18,754	37,801	30,775	95,000	97,725	47,954	56,911	57,247	65,721
Total annual number of visits (based on sample )	63,284	28,102	44,424	55,678	53,664	140,000	140,000	140,000	130,000	20,000
Total registered resident library users	3,690	3,690	4,132	4,762	6,836	11,276	10,394	9,700	11,240	10,460
<i>Education</i>										
Average Class Size - Kindergarten	19.0	19.0	18.0	18.0	20.4	22	22	*	*	*
Average Class Size - Grade 2	20.0	21.0	21.0	20.0	22.0	19	19	*	*	*
Average Class Size - Grade 5	20.0	19.0	19.0	18.0	19.4	22	22	21	*	*
Average Class Size - Grade 7	18.0	18.0	16.0	18.0	18.1	19	20	22	*	*
<i>Economic Development</i>										
<i>Recreation and culture</i>										
Number of youth registrations	837	701	1,047	1,010	1,021	1,044	*	*	*	*
Number of youth program hours	1,075	1,490	1,075	1,075	548	554	*	*	*	*
Number of hours provided by volunteers	890	881	798	798	791	855	*	*	*	*

Source: Internal Department Tracking Reports  
Notes: \* Information not available for prior years



TABLE 17

TOWN OF WINDHAM, CONNECTICUT  
 CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM  
 LAST EIGHT FISCAL YEARS  
 (Unaudited)

Function	Fiscal Year							
	2018	2017	2016	2015	2014	2013	2012	2011
<i>Education</i>								
School buildings	7	7	7	7	7	6	6	6
Administrative buildings	1	1	1	1	1	1	1	1
<i>Public Safety</i>								
Police								
Stations	1	1	1	1	1	1	1	1
Vehicles	34	36	36	36	36	33	30	30
Fire								
Firefighting/ rescue vehicles	21	11	11	11	11	11	10	10
Other vehicles	3	4	4	4	4	4	3	3
Fire stations	4	4	4	4	4	4	4	4
<i>Social Services</i>								
Recreation								
Baseball field	5	5	5	5	5	5	5	5
Number of basketball courts	7	7	7	7	7	7	7	7
Number of football fields	1	1	1	1	1	1	1	1
Number of multi-use fields	1	1	1	-	-	-	-	-
Number of playscapes/grounds	5	5	5	3	3	3	3	3
Number of soccer fields	2	2	2	2	2	2	2	2
Number of softball fields	4	4	4	3	3	3	3	3
Number of tennis courts	4	4	4	6	6	6	6	6
Mowers	5	5	5	7	7	7	7	4
Other vehicles	1	1	1	2	2	2	2	1
Library								
Central	1	1	1	1	1	1	1	1
Number of Branches	1	1	1	-	-	-	-	-

(Continued)

TABLE 17

TOWN OF WINDHAM, CONNECTICUT  
 CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM  
 LAST EIGHT FISCAL YEARS  
 (Unaudited)

Function	Fiscal Year							
	2018	2017	2016	2015	2014	2013	2012	2011
<i>Public Works</i>								
Infrastructure								
Concrete road miles	-	-	-	-	-	-	-	-
Asphalt road miles	90	90	90	90	90	90	90	90
Bridges	2	2	2	2	2	2	2	2
Traffic lights	2	2	2	2	2	2	2	2
Conduit system (miles)	N/A	N/A	N/A	N/A	N/A	N/A		
Street Maintenance								
Dump trucks	17	17	17	17	17	17	17	16
Sweepers	2	2	2	2	2	2	2	2
Parks & Cemeteries								
Parks:								
Large multi-use	N/A	N/A	N/A	N/A	N/A	N/A		
Medium size	11	11	11	11	11	11	11	11
Smaller/playgrounds	3	3	3	3	3	3	3	3
Cemeteries	4	4	4	4	4	4	4	4
Building Maintenance								
Parking lots	6	6	6	6	6	6	6	6
Parking garages	-	-	-	-	-	-	-	-

Sources: Police Department, Public Works and Recreation Town records

\* Information not available.



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# **The Town of Windham, Connecticut**

Federal and State  
Compliance Reports  
Fiscal Year Ended June 30, 2018

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**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

**Independent Auditor's Report**

To the Board of Finance  
Town of Windham, Connecticut

**Report on Compliance for Each Major Federal Program**

We have audited Town of Windham, Connecticut's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2018. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

### **Report on Internal Control over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 22, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

New Haven, Connecticut  
February 22, 2019



**Town of Windham, Connecticut**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through the State of Connecticut			
Department of Education:			
Improving Teacher Quality State Grants (16/18)	84.367A	12060-SDE64370-20858	\$ 27,810
Improving Teacher Quality State Grants (15/17)	84.367A	12060-SDE64370-20858	184,258
<b>Total Improving Teacher Quality State Grants</b>			<u>212,068</u>
Twenty-First Century Community Learning Centers (16/17)	84.287C	12060-SDE64370-20863	49,774
Twenty-First Century Community Learning Centers (15/16)	84.287C	12060-SDE64370-20863	135,000
<b>Total Twenty-First Century Community         Learning Centers</b>			<u>184,774</u>
Student Support and Academic Achievement Enrichment	84.424	12060-SDE64370-22854	<u>21,852</u>
English Language Acquisition Grants (16/18)	84.365A	12060-SDE64370-20868	31,788
English Language Acquisition Grants (15/17)	84.365A	12060-SDE64370-20868	116,225
<b>Total English Language Acquisition Grants</b>			<u>148,013</u>
Title I Grants to Local Educational Agencies (16/18)	84.010A	12060-SDE64370-20679	210,172
Title I Grants to Local Educational Agencies (15/17)	84.010A	12060-SDE64370-20679	1,664,215
<b>Total Title I Grants to Local Educational Agencies</b>			<u>1,874,387</u>
Special Education Cluster:			
Special Education – Preschool Grants (16/18)	84.173A	12060-SDE64370-20983	11,717
Special Education – Preschool Grants (15/17)	84.173A	12060-SDE64370-20983	23,132
Special Education – Grants to States (16/18)	84.027A	12060-SDE64370-20977	217,452
Special Education – Grants to States (15/17)	84.027A	12060-SDE64370-20977	892,284
<b>Total Special Education Cluster</b>			<u>1,144,585</u>
Educating Homeless Children and Youth Program (16/17)	84.196A	12060-SDE64370-20770	40,000
<b>Total Educating Homeless Children and Youth Program</b>			<u>40,000</u>
Direct Program:			
Drug Free Community Support Program	84.184	N/A	<u>214,992</u>
<b>Total U.S. Department of Education</b>			<u>3,840,671</u>

(Continued)

**Town of Windham, Connecticut**

**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the State of Connecticut			
Department of Education:			
Fresh Fruit and Vegetable Program (2016)	10.582	12060-SDE64370-22051	\$ 8,107
Fresh Fruit and Vegetable Program (2017)	10.582	12060-SDE64370-22051	73,684
<b>Total Fresh Fruit and Vegetable Program</b>			<u>81,791</u>
Passed through the State of Connecticut			
Child Nutrition Cluster:			
National School Lunch Program	10.555	12060-SDE64370-20560	1,692,731
School Breakfast Program(16/17)	10.553	12060-SDE64370-20508	562,078
Summer Food Service Prog – Admin	10.559	12060-SDE64370-20548	30,819
Summer Food Program for Children	10.559	12060-SDE64370-20540	52,311
<b>Total Child Nutrition Cluster</b>			<u>2,337,939</u>
Summer EBT Children Demo Program	10.580	12060-SDE64165-26130	<u>2,854</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,422,584</u>

(Continued)

**Town of Windham, Connecticut**

**Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through EASTCONN: Headstart – Basic and Early	93.600	CH011507/14	<u>\$ 1,886,877</u>
Passed through State Department of Education: Support for Pregnant and Parenting Teens (16/17)	93.500	12060-SDE64370-22439	6,724
<b>Total Support for Pregnant and Parenting Teens</b>			<u>6,724</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>1,893,601</u>
Federal Emergency Management Agency			
Passed through the Connecticut State Department of Public Safety:			
Emergency Management Performance Grant	97.042	12060-DPS32160-21881	24,798
Edward Byrne Memorial Justice Assistance Grant	16.738	12060-DPS32523-26185	9,582
<b>Total Federal Emergency Management Agency</b>			<u>34,380</u>
<b>Total schedule of expenditures of federal awards</b>			<u><u>\$ 8,191,236</u></u>

N/A = Not Applicable

See notes to schedule of expenditures of federal awards.

## **Town of Windham, Connecticut**

### **Notes to Schedule of Expenditures of Federal Awards**

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Windham, Connecticut (the Town), under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position, changes in fund balance/net position or cash flows of the Town.

#### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds. Such expenditures are reported following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3. Noncash Awards**

Donated commodities in the amount of \$66,979 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

#### **Note 4. Indirect Cost Recovery**

The Town did not recover its indirect costs using the 10% de minimus indirect cost rate provided under Section 200.414 of the Uniform Guidance.

#### **Note 5. Subrecipients**

The Town of Windham, Connecticut, did not provide any federal funds to subrecipients for the year ended June 30, 2018.

**Town of Windham, Connecticut**

**Schedule of Findings and Questioned Costs**

---

I. Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?   X   Yes        None reported
- Noncompliance material to financial statements noted?        Yes   X   No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None reported

Type of auditor's report issued on compliance for major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2CFR 200.516(a)?        Yes   X   No

*Identification of Major Programs*

CFDA Number	Name of Federal Program or Cluster
84.010A	Title I Grants to Local Educational Agencies
84.173A / 84.027A	Special Education Cluster
10.553 / 10.555 / 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between  
Type A and Type B programs

\$ 750.000

Auditee qualified as low-risk auditee?

       Yes   X   No

(Continued)

**Town of Windham, Connecticut**

**Schedule of Findings and Questioned Costs (Continued)**

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II. Financial Statement Findings

**Significant Deficiency in Internal Control**

IC2018-001 Approval of Journal Entries

**Criteria:**

Journal entries are used to record or change transactions. As such, there needs to be controls over the journal entry process to be assured that the entry is appropriate and authorized.

**Condition:**

Journal entries were posted by accounting personnel and not approved by or reviewed by supervisory personnel.

**Context:**

Systemic in nature.

**Effect:**

Journal entries that are not subject to review and approval may lead to errors included in the financial statements. Journal entries that are prepared and posted by the same individual could mask fraudulent activity. In addition, journal entries not reviewed or approved may cause the Town's management and/or the Town Council to make financial decisions based on inaccurate data.

**Recommendation:**

We recommend management review and approve journal entries by utilizing the approval feature available in the general ledger system to document supervisory review and approval prior to the journal entries being posted.

**Management's Response:**

Management agrees with the finding.

III. Federal Award Findings and Questioned Costs

No matters to report.

**Town of Windham, Connecticut**

**Summary Schedule of Prior Year Audit Findings**

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I. Financial statement findings:

IC2017-001 was corrected in the current year.

IC2017-002 was repeated as IC2018-001.

IC2017-003 was corrected in the current year.

II. Prior year Federal single audit findings

The prior year single audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from prior audit's *Summary of Prior Audit Findings*.

**Report on Internal Control over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance With  
Government Auditing Standards**

**Independent Auditor's Report**

To the Board of Finance  
Town of Windham, Connecticut

We have audited in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windham, Connecticut (the Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 22, 2019. Our report includes an emphasis of matter paragraph due to the adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the schedule of findings and questioned costs as IC2018-001 to be a significant deficiency.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Town of Windham's Responses to Findings**

The Town of Windham's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Windham's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

New Haven, Connecticut  
February 22, 2019

**Report on Compliance for Each Major State Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of State Financial Assistance Required by the State Single Audit Act**

**Independent Auditor's Report**

To the Board of Finance  
Town of Windham, Connecticut

**Report on Compliance for Each Major State Program**

We have audited the Town of Windham, Connecticut's (the Town's) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2018. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

**Opinion on Each Major State Program**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

### **Report on Internal Control over Compliance**

Management of the Town, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act**

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated February 22, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM VS LLP*

New Haven, Connecticut  
February 22, 2019

**Town of Windham, Connecticut**

**Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2018**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Nonexempt programs:		
Department of Education:		
Priority School Districts (16/17)	11000-SDE64370-17043-82052	\$ 830,376
Priority School Districts – Extended School Hours (16/17)	11000-SDE64370-17043-82054	55,165
Family Resource Centers (16/17)	11000-SDE64370-16110	100,000
Adult Education Cooperative (16/17)	11000-SDE64370-17030	282,734
ECS – Alliance District Funding (16/17)	11000-SDE64370-17041-82164	2,412,354
Summer School Accountability Grant (16/17)	11000-SDE64370-17043-82055	65,224
After School Program (16/17)	11000-SDE64370-17084	132,310
Bilingual Education (16/17)	11000-SDE64370-17042	66,811
Young Parents Program	11000-SDE64370-17044	13,277
School Breakfast – State Match	11000-SDE64370-17046	23,152
Magnet School – Operating	11000-SDE64370-17057	2,283,798
Commissioner's Network	11000-SDE64370-12547	140,000
Low Performing Schools	12052-SDE64370-43679	129,610
<b>Total Department of Education</b>		<b>6,534,811</b>
Office of Early Childhood Education:		
Child Care Services	11000-OEC64841-12520	153,179
School Readiness – Quality Enhancement	11000-OEC64845-17097	13,956
School Readiness	11000-OEC64841-16274	1,430,577
<b>Total Office of Early Childhood Education</b>		<b>1,597,712</b>
Connecticut State Library:		
State Grant to Public Libraries	11000-CSL66051-17010	5,000
Connecticard Payments	12060-CSL66094-35150	147
<b>Total Connecticut State Library</b>		<b>5,147</b>

(Continued)

**Town of Windham, Connecticut**

**Schedule of Expenditures of State Financial Assistance (Continued)  
For the Year Ended June 30, 2018**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
<b>Office of Policy and Management:</b>		
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	\$ 504,376
Municipal Purpose and Projects	12052-OPM20600-43587	454,575
Local Capital Improvement Program	12050-OPM20600-40254	63,378
Payment in Lieu of Taxes (PILOT) – State Owned Property	11000-OPM20600-17004	2,558,128
<b>Total Office of Policy and Management</b>		<b>3,580,457</b>
<b>Department of Transportation:</b>		
Town Aid Road Grant	12052-DOT57131-43455	365,918
Pay-As-You-Go Transportation Projects	12001-DOT57261-12518	23,844
<b>Total Department of Transportation</b>		<b>389,762</b>
<b>Department of Public Health:</b>		
School Based Health Clinics	11000-DPH48832-17019	362,878
<b>Department of Emergency Services and Public Protection:</b>		
Nuclear Emergency Safety Fund	12060-DPS32982-90428	22,645
Drug Asset Forfeit Rv Acct DPS	12060-DPS32155-35142	7,921
<b>Total Department of Emergency Services and Public Protection</b>		<b>30,566</b>
<b>Office of the State Treasurer:</b>		
Nitrogen Credit Exchange Prog	21016-OTT14230-42407	12,900
<b>Total Office of the State Treasurer</b>		<b>12,900</b>
<b>Department of Consumer Protection:</b>		
Non-Budgeted Operating Approp	34004-DCP39930-40001	14,745
<b>Total Department of Consumer Protection</b>		<b>14,745</b>

(Continued)

**Town of Windham, Connecticut**

**Schedule of Expenditures of State Financial Assistance (Continued)  
For the Year Ended June 30, 2018**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Development Services:		
Other expenses	11000-DDS51117-10020	\$ 3,885
<b>Total Department of Development Services</b>		<b>3,885</b>
<b>Total state financial assistance         before exempt programs</b>		<b>12,532,863</b>
Exempt programs:		
Office of Policy and Management:		
Municipal Transition Grant	12002-OPM20600-17103	350,231
Municipal Stabilization Grant	11000-OPM20600-17104	1,580,336
Grants to Towns	12009-OPM20600-17005	857,889
<b>Total Office of Policy and Management</b>		<b>2,788,456</b>
Department of Education:		
Education Cost Sharing	11000-SDE64000-17041-82010	24,207,316
Special Education - Excess Cost	11000-SDE64000-17047	812,275
<b>Total Department of Education</b>		<b>25,019,591</b>
Department of Administrative Services:		
School Construction Grants	13010-DAS27635-40901	17,555
<b>Total Department of Administrative Services</b>		<b>17,555</b>
<b>Total exempt programs</b>		<b>25,037,146</b>
<b>Total expenditures of state financial assistance</b>		<b>\$ 37,570,009</b>

See notes to schedule of expenditures of state financial assistance.

## Town of Windham, Connecticut

### Notes to Schedule of Expenditures of State Financial Assistance

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The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Windham, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2018. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Windham, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position, changes in fund balance/net position or cash flows of the Town of Windham, Connecticut.

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

The accounting policies of the Town of Windham, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs. The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

**Basis of accounting:** The expenditures reported on the schedule of expenditures of state financial assistance are reported on the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

#### Note 2. Loan Program

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the schedule of expenditures of state financial assistance shall include loans and loan activities. The following is a summary of the loan program activity for the year ended June 30, 2018:

Department of Energy and Environmental Protection:

#### **Clean Water Funds (21014-OTT14230-40001 and 21015-DEP43270-42318):**

Contract No.	Issue Date	Interest Rate	Original Amount*	Balance July 1, 2017	Issued	Retired	Balance June 30, 2018
CWF 551-D	12/29/2005	2.00%	\$ 789,646	\$ 357,975	\$ -	\$ 34,000	\$ 323,975
CWF 551-C	9/22/2008	2.00%	15,811,494	11,299,506	-	834,811	10,464,695

\* Represents total loan commitment from the Clean Water Fund.

**Town of Windham, Connecticut**

**Schedule of State Single Audit Compliance Findings and Questioned Costs**

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I. Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued: unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

*State Financial Assistance*

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ reported

Type of auditor's report issued on compliance for major programs: unmodified.

- Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? ☐ Yes ☒ No

(Continued)



## Town of Windham, Connecticut

### Schedule of State Single Audit Compliance Findings and Questioned Costs (Continued)

The following schedule reflects the major programs included in the state compliance audit:

State Grantor and Program	State CORE-CT Number	Expenditures
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes (PILOT) – Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17004	\$ 504,376
Payment in Lieu of Taxes (PILOT) – State Owned Property	11000-OPM20600-17004	2,558,128
<b>Department of Education</b>		
Magnet School – Operating	11000-SDE64370-17057	2,283,798
Adult Education Cooperative	11000-SDE64370-17030	282,734
<b>Office of Early Childhood Education</b>		
School Readiness	11000-OEC64841-16274	1,430,577
Dollar threshold used to distinguish between Type A and Type B programs		250,657

#### II. Financial Statement Findings

- We issued reports dated February 22, 2019, on internal control over financial reporting and compliance with other matters based on an audit of the basic financial statements performed in accordance with “Government Auditing Standards.”
- Our report on internal control over financial reporting included one matter (IC2018-001).

#### III. Findings and Questioned Costs Relating to State Financial Assistance

No matters to report.

**Town of Windham, Connecticut**

**Summary of State Prior Year Audit Findings**

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The prior year State single audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from prior audit's *Summary of Prior Audit Findings*.

# TOWN OF WINDHAM, CT

## Finance Department

979 Main Street  
Willimantic, CT 06226-2200



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FAX 860-465-3051  
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### Corrective Action Plan

**For the Fiscal Year Ended June 30, 2018**

<b>Findings:</b>	IC2018-001
<b>Contact Person:</b>	Christian Johnson, Finance Director
<b>Corrective Action:</b>	Management will process and approve all required adjusting entries to present the financial statements in accordance with GAAP.
<b>Proposed Completion Date:</b>	The Department of Finance will implement the above corrective action for the fiscal year ended June 30, 2019.



RSM US LLP

February 22, 2019

157 Church Street, 11<sup>th</sup> Floor  
New Haven, CT 06510

To Management and the Board of Finance  
Town of Windham, Connecticut

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In planning and performing our audit of the financial statements of the Town of Windham, Connecticut as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We communicated the significant deficiency identified during our audit in a separate communication dated February 22, 2019.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

### **1. Pay Rate Access**

***Observation:***

During testing and through inquiries of Town personnel, we understand that access to edit pay rates in the general ledger is not restricted to human resources department personnel.

***Recommendation:***

We recommend that Management restrict access to edit the rates of pay to only personnel responsible for this task.

***Management Response:***

Management will implement controls for each location to ensure proper access levels.

### **2. Student Activities**

***Observation:***

During testing of student activities, we noted there was inconsistency among schools regarding the maintenance of student activity records.

***Recommendation:***

It is recommended that pre-numbered receipts be issued for every inflow in the student activity fund. In addition, we recommend that deposit slips be maintained with student activity records. It is also recommended that a standard voucher form be used when disbursements from the student activity fund are requested that includes signature lines for the activity advisor, principal as well as spaces for the reasons for the disbursement and to whom the check is to be made out. In addition, we recommend controls be implemented to help ensure that checks are used in sequence.

***Management Response:***

Management will provide a policy and procedure manual to all schools and implement controls and audits for each location annually to ensure compliance.

### **3. Pension Census Data**

***Observation:***

During our testing of the census data supplied to the actuary for the Board of Education (BOE) Pension, we noted one instance where the salary information per the BOE records was inconsistent with data supplied to actuary.

***Recommendation:***

It is recommended that the Personnel Department maintain a complete personnel file for each employee, which includes pay rate information and that the information be reviewed by supervisory personnel before being submitted to the actuary.

***Management Response:***

Management will implement formal policies and procedures to remediate.

#### **4. Pension benefit testing**

***Observation:***

During our testing of the pension benefit payments for the Board of Education, it was observed that complete records were not maintained.

***Recommendation:***

It is recommended that the Personnel Department maintain a complete file for each beneficiary which includes date of hire, date of retirement and monthly pension benefit.

***Management Response:***

Management will implement formal policies and procedures to remediate.

This communication is intended solely for the information and use of management, the Board of Finance and is not intended to be, and should not be, used by anyone other than these specified parties.

*RSM VS LLP*

***Appendix B-1***

***Form of Opinion of Bond Counsel – The Series A Bonds***

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October 29, 2019

Town of Windham  
979 Main Street  
Willimantic, CT 06226

Re: \$16,295,000 General Obligation Bonds, Issue of 2019, Series A  
Dated October 29, 2019

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Windham, Connecticut (the "Town") in connection with the issuance by the Town of its \$16,295,000 General Obligation Bonds, Issue of 2019, Series A dated October 29, 2019 (the "Bonds"). In such capacity, we have examined records of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town dated October 29, 2019 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, the Bonds will be valid and legally binding general obligation bonds of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excludable from gross income. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the Federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other state tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of Federal tax legislation, may affect the tax status of the Bonds.

Although we have rendered an opinion that interest on the Bonds is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

***Appendix B-2***

***Form of Opinion of Bond Counsel – The Series B Bonds***

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October 29, 2019

Town of Windham  
979 Main Street  
Willimantic, CT 06226

Re: \$2,275,000 General Obligation Bonds, Issue of 2019, Series B (Federally Taxable)  
Dated October 29, 2019

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Windham, Connecticut (the "Town") in connection with the issuance by the Town of its \$2,275,000 General Obligation Bonds, Issue of 2019, Series B (Federally Taxable) dated October 29, 2019 (the "Bonds"). In such capacity, we have examined records of proceedings of the Town authorizing the Bonds and such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, the Bonds will be valid and legally binding general obligation bonds of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We are of the opinion that, under existing law, interest on the Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

We are further of the opinion that, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other state tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of Federal tax legislation, may affect the tax status of the Bonds.

Although we have rendered an opinion that interest on the Bonds is not includable in gross income for state income tax purposes, state income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any tax consequences caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

***Appendix B-3***

***Form of Opinion of Bond Counsel – The Notes***

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October 29, 2019

Town of Windham  
979 Main Street  
Willimantic, CT 06226

Re: \$13,500,000 General Obligation Bond Anticipation Notes,  
Dated October 29, 2019

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Town of Windham (the “Town”), in the State of Connecticut, of its \$13,500,000 General Obligation Bond Anticipation Notes (the “Notes”), dated October 29, 2019 and maturing October 1, 2020. In such capacity, we have examined a record of proceedings of the Town authorizing the Notes, a Tax Regulatory Agreement of the Town dated October 29, 2019 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Notes are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

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 generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Notes is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion 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 for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We have not undertaken to advise whether any events after the date of issuance of the Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Notes.

Although we have rendered an opinion that interest on the Notes is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Notes. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Notes not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

***Appendix C-1***

***Form of Continuing Disclosure Agreement – The Series A Bonds***

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**In Connection With The Issuance and Sale of  
\$16,295,000 General Obligation Bonds, Issue of 2019, Series A**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of October 29, 2019, by the Town of Windham, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$16,295,000 General Obligation Bonds, Issue of 2019, Series A dated October 29, 2019 ( the “Bonds”).

**Section 1.      Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated October 22, 2019, prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

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

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

**Section 2.      Annual Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2019):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

(ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;
- (E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

**Section 3. Timing.** The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

#### **Section 4.     Event Notices.**

**(a)**     The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i)**     principal and interest payment delinquencies;
- (ii)**    unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii)**   unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv)**    substitution of credit or liquidity providers, or their failure to perform;
- (v)**     adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi)**    tender offers;
- (vii)**   bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii)**   Bond defeasances;
- (ix)**    rating changes; and
- (x)**     default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation\* of the Town, any of which reflect financial difficulties.

\*     Note: For the purposes of the events identified in paragraph (x), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**(b)**     The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i)**     non-payment related defaults;
- (ii)**    modifications to rights of Bond holders;
- (iii)**   Bond calls;
- (iv)**    release, substitution, or sale of property securing repayment of the Bonds;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and

(vii) incurrence of a Financial Obligation\* of the Town or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation\* of the Town, any of which affect bondholders.

\* Note: For the purposes of the events identified in paragraph (vii), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

**Section 6. Termination of Reporting Obligation.** The Issuer’s obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**Section 7. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** 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 in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 9. Additional Information.** Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.



**Section 10. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Town of Windham, 979 Main Street, Willimantic, CT 06226, Attn: Town Manager. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

**Section 11. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 12. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**IN WITNESS WHEREOF**, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**TOWN OF WINDHAM**

By: \_\_\_\_\_  
Jim Rivers  
Town Manager

By: \_\_\_\_\_  
Christian Johnson  
Director of Finance

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***Appendix C-2***

***Form of Continuing Disclosure Agreement – The Series B Bonds***

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**In Connection With The Issuance and Sale of  
\$2,275,000 General Obligation Bonds, Issue of 2019, Series B (Federally Taxable)**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of October 29, 2019, by the Town of Windham, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$2,275,000 General Obligation Bonds, Issue of 2019, Series B (Federally Taxable) dated October 29, 2019 (the “Bonds”).

**Section 1.     Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated October 22, 2019, prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

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

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

**Section 2.     Annual Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2019):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

(ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;
- (E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

**Section 3. Timing.** The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

#### **Section 4.     Event Notices.**

**(a)**     The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i)**       principal and interest payment delinquencies;
- (ii)**       unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii)**       unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv)**       substitution of credit or liquidity providers, or their failure to perform;
- (v)**       adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi)**       tender offers;
- (vii)**       bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii)**      Bond defeasances;
- (ix)**       rating changes; and
- (x)**       default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation\* of the Town, any of which reflect financial difficulties.

\*       Note: For the purposes of the events identified in paragraph (x), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**(b)**     The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i)**       non-payment related defaults;
- (ii)**       modifications to rights of Bond holders;
- (iii)**       Bond calls;
- (iv)**       release, substitution, or sale of property securing repayment of the Bonds;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and

(vii) incurrence of a Financial Obligation\* of the Town or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation\* of the Town, any of which affect bondholders.

\* Note: For the purposes of the events identified in paragraph (vii), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

**Section 6. Termination of Reporting Obligation.** The Issuer’s obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**Section 7. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** 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 in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 9. Additional Information.** Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.



**Section 10. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Town of Windham, 979 Main Street, Willimantic, CT 06226, Attn: Town Manager. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

**Section 11. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 12. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**IN WITNESS WHEREOF**, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**TOWN OF WINDHAM**

By: \_\_\_\_\_  
Jim Rivers  
Town Manager

By: \_\_\_\_\_  
Christian Johnson  
Director of Finance

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***Appendix C-3***

***Form of Continuing Disclosure Agreement – The Notes***

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**In Connection With The Issuance and Sale of  
\$13,500,000 General Obligation Bond Anticipation Notes, dated October 29, 2019**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of October 29, 2019, by the Town of Windham, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$13,500,000 General Obligation Bond Anticipation Notes dated October 29, 2019 (the “Notes”).

**Section 1.      Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated October 22, 2019, prepared in connection with the issuance of the Notes.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 2 of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“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.      Event Notices.**

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service or 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 events affecting the tax status of the security;

(vi) tender offers;

(vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

(viii) Bond defeasances;

(ix) rating changes; and

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation\* of the Town, any of which reflect financial difficulties.

\* Note: For the purposes of the events identified in paragraph (x), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:

(i) non-payment related defaults;

(ii) modifications to rights of Bond holders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Notes;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and

(vii) incurrence of a Financial Obligation\* of the Town or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation\* of the Town, any of which affect bondholders.

Note: For the purposes of the events identified in paragraph (vii), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii)

guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 3. Termination of Reporting Obligation.** The Issuer’s obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

**Section 4. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 5. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in 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 Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 6. Additional Information.** Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 7. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners 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 after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is Town of Windham, 979 Main Street, Willimantic, CT 06226, Attn: Town Manager. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer’s obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

**Section 8. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 9. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the

continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**IN WITNESS WHEREOF**, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**TOWN OF WINDHAM**

By: \_\_\_\_\_  
Jim Rivers  
Town Manager

By: \_\_\_\_\_  
Christian Johnson  
Director of Finance



***Appendix D***

***Specimen Municipal Bond Insurance Policy***

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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